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NEWS SUMMARY

GENERAL

Threat of Tube strike over pay

Travellers face an all-out Tube strike from July 20 over pay, the National Union of Railwaymen warned.

If the dispute goes ahead it could disrupt London travel arrangements for the Royal wedding on July 29.

The strike threat sparked political exchanges between the union and Mr Ken Livingstone, lef-wing leader of the GLC. Mr Sid Weighell, NUR general secretary, said Mr Livingstone had reneged on his promise of a fair deal. Page 10

Peace force

Egypt, Israel and the U.S. agreed on forming a 2,000-man multi-national peace force to police the Sinai peninsula after Israel withdraws in April. Page 3

Soviet training

Polish and Soviet army units are training on ranges in southern Poland to perfect deepening comradeship, said the Polish news agency.

Wage row grows

Widespread disruption of ambulance services is expected today as ambulance workers start their second 24-hour stoppage over pay. Page 10

BBC cuts anger

BBC launched a campaign to stop proposed cuts in its external services notably in French, Italian and Spanish.

Blast theory

The explosion on board a Greek ore carrier in Rotterdam that killed one and left five missing, feared dead, may have been caused by improper use of a naked flame.

Muldoon's view

New Zealand might back out of the Gleneagles agreement discouraging sporting contact with South Africa if Commonwealth finance ministers decide not to meet in Auckland, Prime Minister Robert Muldoon said.

Jailed for plot

Welsh language campaigner Wayne Williams was jailed for nine months for his part in a plot to damage television relay stations.

Basque claim

The rightist Spanish Basque battalion claimed responsibility for shooting two men dead and wounding another in Tolosa.

Liberia acts

Liberia's military government confiscated Soviet communications equipment intended for use in the Soviet embassy.

'Men only' draft

Women can be excluded from military draft registration the U.S. Supreme Court ruled.

Jet luggage drop

Passengers luggage fell from an Italian DC-9 jetliner in flight over northern Italy when a cargo door opened.

Royal billing

Labour-controlled Sheffield City Council is giving workers the day off for the Royal wedding but is asking Prince Charles to foot the £60,000 bill.

Bull workers

Irish bulls are working overtime because of a dispute involvin gthe services of artificial inseminators.

Briefly . . .

Derek A. Cuthbert is to head Britain's Mormon Church—the first British executive administrator in 144 years.

Identical twins Angela and Susan Robson both gained first-class honours degrees from Leeds University.

JR beer from Texas, named after tv programme Dallas, is being launched in Britain.

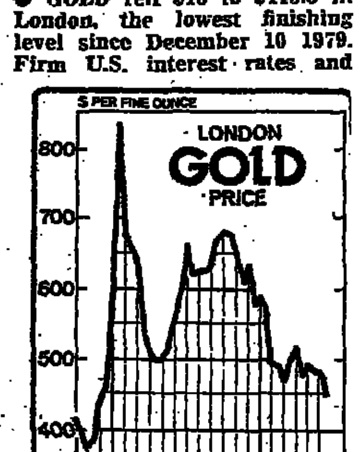
BUSINESS

Gold off by $16; dollar strong

● DOLLAR remained strong at DM 2.3915 (DM 2.3705), FFr 5.7150 (FFr 5.6825) and Y225.4 (Y222.75). But it eased to SwFr 2.0380 (SwFr 2.0390). Its trade-weighted index rose to 108.9 (107.9). Page 27

● STERLING fell 2.5 cents to $1.9550. It dropped to DM 4.6775 (DM 4.6950), FFr 11.17 (FFr 11.25), and SwFr 3.9850 (SwFr 4.0400). Its trade-weighted index was 94.7 (95.6). Page 27

● GOLD fell $16 to $445.5 in London, the lowest finishing level since December 10 1979. Firm U.S. interest rates and



continued demand for the dollar remained the major factors influencing trading. In New York, the June Comex close was $444.9. Page 27

● EQUITIES interest centred on Electricals after the defence statement. The FT 30-share index lost 3.6 to 544.8. Page 40

● GILTS continued to be influenced by sterling. The Government Securities index was off 0.28 at 65.96. Page 40

● WALL STREET was up 0.86 to 1000.19 near the close. Page 38

● FEDERAL RESERVE Board and the White House disagreed over whether reserve requirements should be introduced on money market funds. Back Page

● WINDFALL PROFITS tax concessions have been made by the Government to reduce the impact on smaller banks.

● JAPANESE companies agreed to acquire 6m tonnes of liquefied natural gas a year for 19 years from a group of Australian companies. Back Page

● INTERNATIONAL Harvester is to axe another 635 workers at its Doncaster plant and is closing its London headquarters with the loss fo a further 85 jobs. Page 9

● ROLLEI, the West German camera group, plans to go into liquidation. Page 28

● SEAGRAM of Canada, the world's largest drinks group, raised its bid for control of Conoco by offering $2.55bn (£1.3bn) for 41 per cent of the oil group's outstanding common stock. Back Page

● CONNECTICUT General Mortgage and Realty Investments, one of the largest U.S. real estate investment trusts, rejected the $267m (£134m) takeover offer from the National Coal Board pension funds. Page 24; £84m top-up for miners' fund, Page 8

● OTTO VERSAND of Hamburg, Europe's third-largest mail order group, started takeover negotiations with Spiegel of Chicago, one of the largest U.S. mail order houses. Page 30

● TRUSTHOUSE FORTE, the hotels and leisure group, reported pre-tax profits down from £19.3m to £14m in the half-year to April 30. Page 23; Lex, Back Page

● PLESSEY COMPANY, telecommunications, aerospace and electronics group, raised taxable profits to £84.54m for the 53 weeks to April 3, against £60.1m last year. Page 22; Lex, Back

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			GUS A	432	− 13
Electrocomponents	800	+ 30	Henlys	83	− 3
GEC	715	+ 12	Inchcape	417	− 8
Gt Portland Estates	246	+ 4	Lec Refrigeration	190	− 18
Lucas Inds.	202	+ 7	Mothercare	216	− 14
Racal Electronics	404	+ 20	Plessey	325	− 5
Textured Jersey	123	+ 9	Polly Peck	353	− 10
Ward and Goldstone	108	+ 7	Trusthouse Forte	146	− 10
BP (HMG)	32pm	+ 6	Vickers	168	− 7
Clyde Petroleum	184	+ 19	Anglo Amer. Gold	£42¼	− ⅞
Shell Transport	358	+ 8	Anglo Amer. Inv.	£44	− 1¼
FALLS			Buffels	£16¾	− ¼
Treas. 11¾pc 03-07	£81⅜	− ½	Doornfontein	971	− 54
Assd. Comms. A	47	− 10	Hartebeest	£27	− 1¼

50,000 men and 20 ships go in Nott's defence cuts

BY BRIDGET BLOOM

CUTS in Britain's defence forces, involving the loss of nearly 20 warships, 50,000 men from the armed services and civilian defence jobs and the closure of a big dockyard over the next five years, were announced in the Commons yesterday by Mr John Nott, hte Defence Secretary.

The cuts, which are the result of a review of Britain's defence spending, mean the Royal Navy will bear the brunt and the Royal Air Force will be the least hard hit.

Mr Nott's plans are milder than some press reports had suggested they might be. He has not turned the Navy into a coastal defence force, though he has swung it more firmly towards a submarine based, anti-submarine-warfare force.

While Mr Nott claimed that Britain's Nato allies were satisfied with the changes, the full impact may not be apparent for some time.

Not only are some key decisions still to be made, but apart from declaring that Britain would abide by its Nato commitment to increase defence spending by 3 per cent annually over the next few years, the cuts and other changes were not set in any financial framework.

Neither the White Paper nor Mr Nott's statement gave any figures of the budget to which the Ministry of Defence is working, nor of the savings it expects as a result of the present cuts.

The main cuts are:

● Reduction in the Royal Navy's frigate and destroyer force from 59 to 50. With six frigates already laid up, and eight of the 50 to be withdrawn to standby, the effective reduction by 1984-85 will be more than 20 ships.

● Chatham dockyard and base to be closed by 1984 and severe curtailment of Portsmouth, although the naval base there will be maintained.

● Only two of the RN's new Invincible aircraft carriers will be retained, although Ark Royal, launched by the Queen Mother earlier this month, will be completed and no decision taken on her future until 1984-85.

● The aircraft carrier Hermes will be phased out; the two amphibious ships Fearless and Interpid will be disposed of earlier than planned but the 7,800 marines will be retained.

● The Navy will be expected to lose between 8,000 and 10,000 men by 1986. Naval shore establishments, fuel depots and stores will be reduced as will some army and air force support areas. Overall between 15,000 and 20,000 civilian jobs will go.

● The Gibraltar dockyard's future is under review.

● The army's strength is to be cut by around 7,000 to 135,000 trained men over the next five years.

● About 2,000 mainly administrative jobs will go as one divisional headquarters is pulled back to Britain from Germany. Britain will respect its commitment under the Brussels Treaty to keep 55,000 men in Germany. Eight brigades will be organised into three operational divisions, as was the case before the 1974 defence review.

● The RAF is expected to lose 2,500 men over the next few years, and the Jaguar force based in Germany and the UK will not be replaced. Its role will be shared between the Toronto strike aircraft and the American AV-8B, which is being ordered for the RAF. Mr Nott confirmed that the deal was expected to bring £1bn worth of business for Britain's aerospace industry.

On the plus side, the £2bn naval building programme will be continued, and efforts will be made to boost production of nuclear (SSN) and diesel-powered (SSK) submarines. Plans to increase the number of SSNs from 12 to 17 in service by 1990 are maintained.

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EEC countries agree to end all aid to steel industries

BY JOHN WYLES IN BRUSSELS AND ALAN PIKE IN LONDON

EEC GOVERNMENTS have agreed to withdraw all types of financial aid to their steel industries by the end of 1985 in an attempt to promote re-structuring and a recovery of prices and profits.

Mr. Norman Tebbit, Industry Minister, yesterday claimed the settlement—reached in Luxembourg in the early hours of the morning—greatly enhances the possibility of the British Steel Corporation surviving and coming into profit.

It was given a much cooler reception in West Germany, however. The Economics Ministry said the pact fell well short of Bonn's demands although it represented an improvement on earlier schemes.

As well as the deadline for an end to subsidies, the plan includes an extension of mandatory production quotas to cover around 70 per cent of Community steel output. Fines will be imposed on companies which over-produce.

A special fund is also to be established to help workers affected by early retirement and short-time working schemes.

The wide-ranging agreement was reached by EEC Industry Ministers after several months' negotiation.

As Viscount Etienne Davignon, the EEC's Industry Commissioner, pointed out, the final compromises were all the more remarkable for the fact that the Italian Minister represented an interim government and M Pierre Dreyfus, the French Minister, had been in office for only 24 hours.

Ministers were finally convinced by West Germany that a genuine medium-term recovery of market prices would be possible only if government subsidies were withdrawn.

The German industry has been complaining that it cannot compete with heavily subsidised competition from elsewhere in the EEC.

The resulting agreement on a timetable for ending subsidies should be a positive spur to the industry's re-structuring process.

The timetable differs according to the type of subsidy. Emergency aid funds not immediately linked to a reduction of capacity, must cease by June 30 next year. The last date on which governments may seek European Commission approval for such aid is December 31 this year.

All operational aids linked to re-structuring must be eliminated by December 31, 1984. Meanwhile, the commission will not approve any operational aids after June 30, 1983. Programmes approved by them must not run for longer than two years.

All subsidies, including finan-

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Titanic a disaster for Grade

BY IAN RODGER

LORD GRADE'S bold venture into film production and distribution became a disaster last year, losing Associated Communications Corporation £26.4m.

The worst setback was on the big-budget film, Raise the Titanic, a box office flop that cost $35m (£18m) to make and resulted in $16m in losses before interest charges for ACC.

"You can't make films without learning from mistakes," Lord Grade the chairman, said yesterday. "There are going to be no more big budget films unless I'm pretty well covered before I start."

Another costly failure was ACC's joint venture with EMI to set up a U.S. film distribution company. It has been closed with a loss to ACC only slightly smaller than that on the Titanic film.

ACC's overall profits plunged from £11.6m to £2.6m before tax in the year ended on March 31 1981. A deep loss would have been recorded but for an exceptional profit of £22.9m from discounting forward contracts on television programmes, mainly the popular Muppet series.

The directors have recommended that no final dividend be paid (the interim dividend was cut in half) and on the Stock Exchange the shares fell 10p to 47p.

Lord Grade said the company had never before sold forward contracts on its television programmes and did not intend to do so in the future. The proceeds from the sale have contributed substantially to reducing group net borrowings from £74.9m to £40.6m over the year.

ACC also reported a loss of £4.6m in records and tapes and has closed a record factory in Surrey. Profits on the group's ATV television franchise grew from £3.8m to £4.8m.

Lord Grade said the group is preparing to offer 49 per cent of the shares of ATV to the public, as ordered by the Independent Broadcasting Authority, "but we are not worried if they are not taken up."

The 1¼-acre Eros site in Piccadilly Circus would be sold "in due course."

Asked about his own plans, Lord Grade said: "I carry on making movies."

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Tory critics of policy are outmanoeuvred

BY RICHARD EVANS, LOBBY EDITOR

MR JOHN NOTT, the Defence Secretary, appeared to have neutralised most of his critics on the Conservative back benches with a skilful Commons presentation yesterday of his programme for re-shaping Britain's defences over the next decade.

There will still be some vociferous opposition, particularly from Tory representatives of the affected dockyard constituencies, but the threatened major row that could have deeply divided the party seems to have been averted.

There was particular praise from Tory MPs for Mr Nott's maintenance of the Government's commitment to the North Atlantic Treaty Organisation to increase defence spending by 3 per cent in real terms for a further two years.

Mr Keith Speed, the dismissed Navy Minister, said later that the cuts were not so bad as he had feared, but still were "a significant downgrade of our Navy and maritime capability." Mr Nott's plans "filled him with profound unease" and he was "very very concerned."

The Defence Secretary's major test will come in a Commons debate on Tuesday week when MPs have had time to digest the complex package, but his reception at a private meeting of the 1922 Committee last night was largely favourable.

MPs had been conditioned to expect much more severe cuts.

Defence in general and the role of the Royal Navy in particular are a sensitive issue in the Tory Party, and mishandling by Mr Nott could have led to dangerous internal conflict.

In the event he emerged with flying colours, and Ministers as well as backbenchers apprehensive that he had been appointed by Mrs Thatcher as a hatchet man to do the job Mr Francis Pym declined to do were clearly relieved.

There was widespread acceptance after the statement that Mr Nott had taken a series of necessary decisions skilfully, and that the option chosen by the Cabinet was less painful than expected. His personal standing as one of Mrs Thatcher's more effective Ministers has been enhanced.

The main casualties were MPs for affected dockyard constituencies such as Mrs Pegy Fenner (Chatham), Mr. Peter Griffiths (Portsmouth North) and Sir Frederick Burden (Gillingham) who could well suffer severe consequences at the next General Election.

The two most significant in terventions inthe Commons from Tory backbenchers came from Mr Edward du Cann, chairman of the 1922 Committee, and Mr Anthony Buck, chairman of the backbench Defence Committee, both of whom praised the general thrust of the statement. Criticism from either would have spelt major trouble for the Government.

There was universal backing from Tory MPs for Mr Nott's support for the £5bn Trident nuclear replacement for Polaris, but this was the issue fastened on by the Opposition as its main criticism of Government strategy.

Dr David Owen, Social Democrat defence spokesman, attracted great Labour hostility when he congratulated Mr Nott on the overall effect of his decisions.

B.Ae welcomes Harrier decision

BY LYNTON McLAIN AND ANDREW FISHER

BRITISH AEROSPACE last night welcomed the Government's decision to go-ahead with a joint manufacturing and purchase agreement with the U.S. for the McDonnell Douglas AV-8B version of the Harrier vertical take-off fighter, worth £1bn to the UK aerospace industry and to place its first order, worth £160m, for the mobile tracked Rapier missile.

Its fellow state-owned group, British Shipbuilders, with more than £2bn of defence orders on its books, reacted guardedly, welcoming the more than £300m of immediate new orders but forseeing a drop in overall warship business.

"Mr Nott's statement clarifies the position and secures the future of vertical take-off and landing aircraft in the Royal Air Force," British Aerospace said last night.

However, the Harrier decision was attacked by Mr Ken Gill, general secretary of the white collar section, Tass, of the Engineering Workers Union, as "nothing less than a national scandal."

The union had been pressing for the British Aerospace advanced version of the Harrier, the GR5 (K), to be given the go-ahead. "Instead of ordering the British aircraft which would have kept vital design teams intact and retained Britain's independent manufacturing capacity, the Government has sold our birthright to the Americans," Mr Gill said.

The AV-8B programme is expected to help to maintain work for skilled workers at British Aerospace plants at Kingston, Surrey, Brough, Yorkshire, and Dunsfold, Surrey, where the final assembly of Harriers is carried out.

Work on the final batch of 24 GR Mark 3 Harriers for the RAF is expected to be completed at the end of this year, but British Aerospace has already started work on AV-8B fuselage sections for the test programme to be carried out by McDonnell Douglas at St Louis.

The decision to order the tracked version of the Rapier ground to air missile system brings to £1.28bn the total value of Rapier orders placed to date. The conventional version of the Rapier has already been ordered by the RAF and nine overseas countries.

The order involves about 50 tracked vehicles and will provide work for staff of the Dynamics Group of British Aerospace at Bristol and Stevenage, Herts, where the missiles are made.

The Dynamics Group will also benefit from the decision to double Britain's stocks of air to air missiles, including the Skyflash made at Stevenage.

The Dynamics Group also welcomed the promised orders for Sea Eagle, sea-skimming anti-ship missiles.

"This is of tremendous importance to the group and the other British companies involved in the project," it said. The go-ahead would ensure continued employment for skilled engineers at the Hatfield, Herts, and Stevenage works. It would also help to maintain the development of advanced technology.

British Shipbuilders said the white paper "deals with the longer-term shipbuilding situation by inference only and the inference is that there will be a reduced programme of warship building over the next several years."

This would clearly mean more job losses, although it did

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£ in New York

	June 24	Previous
Spot	$1.9710-9750	$1.9800-9830
1 month	0.92-0.99 pm	1.10-1.17 pm
3 months	2.60-2.70 pm	2.80-2.90 pm
12 months	5.30-5.50 pm	5.30-5.50 pm

Hardliner warns Poland not to pin hopes on West

BY OUR FOREIGN STAFF

MR STEFAN OLSZOWSKI, one of the leading Polish Politburo members still seeking re-selection as delegates to the forthcoming party congress, has issued a warning to fellow Poles.

In a speech to a provincial *party confrence in Piotrkov Trybunalski* in south-west Poland and reported by Polish radio, he told his countrymen to remember that crises in other east European countries had led to military intervention three times in the past, and that it was an illusion to believe that the West would somehow solve Poland's problems.

"*We can function today as a* state only if we are connected with the Socialist community," he said. "Some think the regime will change in Poland and then everything will be good. *The Marshall plan will* come. Lech Walesa will go to the U.S. and everything will be fine.

"Instead," he said, "the West will give us nothing. It has already left us in the lurch several times in the past. Our stability can only lie in keeping our present ties."

Mr Olszowski is generally described as a hardliner. He is acutely aware of the need to keep open channels of communication with the Soviet Union and Poland's other Warsaw pact allies. His speech was echoed to some degree by an article published in the Soviet trade union newspaper, Trud, from its London correspondent, which accused Western nations of using Poland's debt for economic blackmail.

"The adventurous sliding into indebtedness to western *banks and Governments is now* hitting back at Poland in the form of serious financial difficulties" Trud said. It claimed that by agreeing to the rescheduling of part of the Polish debt "the Governments and banks of imperialist powers depict themselves virtually as well-wishers of the Polish people."

In reality, however, "the dirty intrigues around the Polish events . . . boiled down to the following aim: to exploit the crisis and, relying on counter-revolutionary forces inside the country to try to turn back decades of historic development of Poland and to wrest it from the socialist community."

Further criticism of Solidarity, the independent trade union movement, and reformers within the Polish Communist Party has also been voiced by the Czech and Bulgarian party newspapers as the war of nerves against Poland continues unabated.

Meanwhile, the Polish Interior *Ministry has reacted to* Soviet criticism that even the Polish police were coming under the sway of "counter-revolutionary elements" and has cracked down on moves to try to set up an independent police trade union.

According to a Solidarity spokesman in Lublin, some 362 policemen, including 68 in Warsaw alone, have been dismissed summarily

Kania intervenes for right-winger

BY CHRISTOPHER BOBINSKI IN WARSAW

ONE OF THREE hard-line Polish Politburo members, Mr *Andrez Zabinski, was elected* a delegate to the forthcoming party congress for the Silesian industrial city of Katowice yesterday after the personal intervention of the party leader, Mr Stanislaw Kania.

The Katowice party organisation with 350,000 members is one of the largest in the country. It used to be the fiefdom of Mr. Edward Gierek, the former party leader, who resigned last September.

The selection of Mr Zabinski is a major success for *Mr Kania who was recently* criticised by the Soviet Communist Party's central committee for his policies of "concession and compromise."

Since then he has gone out of his way to try to reassure the Soviet leadership by campaigning for the reselection of the *entire present leadership as* delegates to the congress. Selection as a delegate is a prerequisite for subsequent election to future leadership posts.

Mr Kania's campaign to get both hardliners and reformers re-elected comes despite the fact that some hardliners, led by Mr Tadeusz Grabski, tried to topple him from the leadership following *the critical letter from the* Soviet central committee.

Soviet pressure on the leadership has helped to strengthen Mr Kania's position within the party and made it possible for *him to get the rank and file to* vote for delegates whom they would almost certainly have rejected.

Meanwhile another sign that Mr Kania's prestige in the Polish party has grown came yesterday at the regional party conference in Poznan, western Poland.

On Wednesday the conference decided by 214 votes to 202 to defy the instructions of the party leadership and not to choose, as delegate to the con*gress, party member who were* not delegates to the local party conference.

After the vote, Mr Grabski stormed out of the meeting saying that he refused to attend a meeting which went against party policy. Yesterday, however, after an appeal from Mr Kania, the conference, agreed by 322 to 101 votes to include *four outsiders in the list of can*didates for congress delegates.

These include General Stanislaw Zaczkowski, head of Poland's police force and Professor Jerzq Waitr, a liberal sociologist from Warsaw University.

Pressure on Schmidt to reject Saudi arms sales

BY OUR BONN CORRESPONDENT

WEST GERMANY'S Social Democratic party, currently drawing up ways of reforming Bonn's arms export policies, is expected to urge Chancellor Helmut Schmidt not to sell tanks and other weapons to Saudi Arabia.

This suggests that the Chancellor will be pushed into an uncomfortable choice between either rejecting Riyadh—which has expressed interest in buying some 300 Leopard 2 tanks and several hundred other armoured vehicles—or defying his party.

*A member of the Social Demo*cratic party committee, specially set up after the Saudi request became known, said yesterday that at least two factors had to be taken into account.

Bonn, it said, should not be forced into a position whereby German-made tanks could be used by Arab countries in a battle against U.S.-made weapons fielded by Israel. Quite apart from the historical and moral commitment to Israel, this could aggravate relations between Washington and Bonn.

Second, the French experience with arms sales in the Middle East suggested that these had not given Paris any particular trading advantage in the area. It would therefore be wrong to assume that Bonn's position would suffer if it did *not sell* arms to *Riyadh* and other Middle Eastern countries.

This view is in stark contrast to that held by a number of senior officials who, after Chancellor Schmidt's trip to Riyadh two months ago, gained the impression that Saudi Arabia saw a link in the medium-term between the arms sales and the continuing health of economic and political relations between the two countries.

Saudi Arabia is the main supplier of crude oil to Germany and has proved to be an accommodating giver of credits. But *the fear in Bonn is that* this position would deteriorate if West Germany does not prove equally accommodating over arms sales.

The party group's recommen*dations, which will be formally* presented to the Chancellor at the end of the summer, are still some way from being official policy. The group's main task is not so much to advise on the Saudi deal, as to examine West Germany's strict guidelines for arms export.

Irish parties' alliance likely to oust Haughey

HOPES OF Mr Charles Haughey the Irish Prime Minister, to retain power faded yesterday. An agreement seemed close between the Fine Gael and Irish Labour Group on forming a prospective coalition Government.

If agreement is reached before the first meeting next Tuesday of the new parliament, Mr Haughey's days at the top will probably be numbered. All will then hang on the support of the six independent members of the Dail, the Dublin Parliament.

The signs are that most of them will support Dr Garret Fitzgerald, Fine Gael leader, for the job of Prime Minister.

Two weeks ago, the Irish general election wiped out the record Dail majority of Mr Haughey's Fianna Fail Party, leaving him with 78 seats against the combined Fine Gael-Labour total of 80. There are eight independents, including two Maze prisoners, who will be unable to take their seats. The independents hold the balance of power.

Mr Michael O'Leary, Labour Party chief, *said yesterday he* was confident of agreement by today.

BBC resists Europe service cuts

BY ARTHUR SANDLES

IN A BITTER attack on the Government, the BBC has launched a campaign to stop proposed cuts in its External Services—notably in French, Italian and Spanish broadcasts to Europe. It says the cuts are "deplorable, staggering and naive."

The Foreign Office, which supports the External Services through a grant in aid, is seeking a £3m saving on current spending during the year 1982-83. Other broadcasts to be cut would be Portuguese for Brazil, Maltese, Burmese and Somali. The External Services *currently cost a little over £60m a year.*

In answering a House of Commons question yesterday, Mr. Nicholas Ridley, Lord Privy Seal, offered a capital expenditure olive-branch as compensation for the current spending cuts.

"The Government is now determined that a major effort should be made to improve audibility," he said, and gave Government backing for a long-term programme of improvements, which could cost more than £40m.

There will be new transmitters, new relay stations, and a thorough modernisation of the External Services' headquarters at Bush House, London. The building suffers from a surfeit of blue asbestos.

None of this promised additional cash impressed Mr. Douglas Muggeridge, managing director of external broadcasting, yesterday. "If implemented, this would be the seventh successive cut in eight years in the External Services' budget at a time when other major international broadcasters are, in fact, increasing considerably in many cases, the resources of their overseas services," he said.

"Such a savage cut will undoubtedly endanger the worldwide standing and effectiveness of the BBC's External Services."

There is obviously a deep division of view between the BBC and the Foreign Office over the role of the External Services. The Government makes it quite clear that, since it provides the cash, it should decide the priorities. "We are the paymasters," Mr Ridley said last night. "It is the Government's job to say what hours it broadcasts and to what countries."

Improvements in the transmitter system should have the effect of making English-language broadcasting on the BBC's World Service much easier to hear in various parts of the world.

Among other services to be affected by the Government decision is the Transcription Service, which is a net charge of nearly £1m on the grant in aid. This service sends recordings of programmes to foreign broadcasting stations.

King Juan Carlos: killings in the military household.

Spanish civil guards indicted

By Robert Graham in Madrid

THREE MEMBERS of Spain's para-military Guardia Civil, including a colonel commanding the Almeria region, were *yesterday indicted for alleged* manslaughter of three youths near Almeria on May 10.

This is the first serious indictment of Guardia Civil members for many years.

The indictment comes after six weeks of mounting public concern over the contradictory versions offered by officials of what at the time appeared a tragic error. Sustained attempts at a cover-up have been undermined by this public concern and moves by lawyers representing the three dead youths to bring a private action against the Guardia Civil involved.

The official explanation from the Guardia Civil was that three youths had been picked up in a small seaside resort near Almeria on suspicion of being terrorists. After interrogation the youths were being escorted in convoy, handcuffed but in their hired car, when they tried to overpower their guards. The guards threw themselves out of the car while Guardia in an escorting vehicle fired at the car's wheels. The car ran off the road and burst into flames killing all three inside.

The incident occurred at the end of a tense week in which terrorists had assassinated a general, three members of the King's military household (and injuring seriously Gen. Valenzuela, the head of the royal household) plus two *Guardia Civil and a police*man.

However, it quickly emerged that the three youths had come for a first communion of a relative, and none had criminal records. Their death, according to autopsy, appeared to be from shots in the head and chest. At least one body showed signs of torture.

Moreover, a group of fishermen who asked the Guardia to help put out the burning car were told not to interfere.

The incident presented the Government with an acute dilemma—how to control its security forces without alienating them. Until now the Government has sided *with the security forces, but* this has tended to remove them further from society.

At least once a month there are obscurely reported incidents of persons being shot by police *in vague circumstances which* are never clarified or properly investigated. A change of attitude was evident only a week ago when a member of the Guardia Civil was summarily dismissed for being involved in a shooting incident outside a bar in Guadalajara.

Yesterday, in an unrelated development, an army officer, at an NCO training school in Madrid was detained on suspicion of conspiracy.

Ford men sit in at Amsterdam

By Charles Batchelor in Amsterdam

WORKERS AT the Ford Motor Company's Amsterdam vehicle assembly plant occupied the premises yesterday to protest against, what they call the management's *refusal* to hold serious discussions about keeping the plant open.

The Dutch workforce appealed to Ford workers in *other countries not to take on* work normally carried out in Amsterdam and to continue delivering components to the Dutch factory.

After a two-day occupation of the factory in April, Ford's management agreed to allow the works council and unions until June 30 to draw up a rescue plan. Ford wants to shut the *plant in* September because of rising losses and the lack of an alternative use for the factory, which employs 1,325 people assembling Transcontinental heavy vehicles and Transit light vans.

The workers plan to maintain normal production but will make no deliveries of completed trucks or components to Ford's dealer network, the works council said yesterday. The management is not being allowed into the factory and was not available for comment.

The unions and the works *council claim that the manage*ment has not provided essential information for a rescue plan and had reacted with indifference to the union negotiator's proposals. A delegation of workers, which met in the Dutch Parliamentary Commission for Economic Affairs this week, said it believed Ford was planning to apply to the Amsterdam Labour Office for permission to lay off the workforce.

Ford Nederland, which includes the factory as well as Ford's Dutch sales network, made a loss of Fl 68m (£13m) *last year*

Soviet natural gas production handicapped by shortages

BY DAVID SATTER IN MOSCOW

SOVIET gas production is being handicapped by shortages of men and materials which have led to construction delays and an inadequate provision of infrastructure for gas exploration in remote areas of western Siberia.

The Communist Party newspaper, Pravda, in a detailed review of progress in the west Siberian gas industry, has blamed lack of co-ordination between ministries for serious problems in production, on which Soviet energy planning depends.

As Soviet coal production declines and oil production increases at a declining rate, only natural gas production, which was boosted by the dis*covery of giant natural gas* deposits in western Siberia in the 1960s, continues to rise at a rapid rate.

Western Siberia is expected to produce 1.3 trillion (million million) cubic metres of natural gas in the 1981-85 period, twice the volume produced in 1976-80. It is with this increased production that the Soviet Union hopes to repay western investment in a 3,000-mile gas pipeline from western Siberia to western Europe.

The economic review in Pravda said that the Urengoi gas fields, which are based on the largest known gas deposits in the world, have not benefited from any increase in construction workers in recent years although the number of tasks has increased many times over.

One result of the shortage of workers is a lack of infrastructure. In the Urengoi fields, gas-workers live by the thousands with their families in railway coaches and barracks. Construction deadlines for planned shops, kindergartens, dairies, bakeries and service centres are missed repeatedly.

Pravda said delays in development of infrastructure, which made it harder to attract men to work in the gas fields, also arose from a lack of hard-topped-roads which made it difficult to transport materials. Labour and material delays of many months in starting up a new set of Urengoi gas wells last summer were the direct result of an absence of hard-topped roads in marshy areas, the newspaper added.

Paris plays down U.S. criticism

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government seems, for the moment, determined to play down adverse U.S. comments from the State Department on the composition of President François Mitterrand's government.

In an apparent rebuke to M Mitterrand for including Communists in the Government, the State Department said that the move would affect the "tone and content" of U.S. relations with France. Mr George Bush, the U.S. Vice-President, who left Paris yesterday, seemed embarrassed by the strength of the Washington comment and said: "*I feel very comfortable about* relations between the new Government and the U.S."

The Elysée yesterday maintained silence on the issue but M Claude Chysson, the French Foreign Minister, said he felt that the State Department's *comments were principally* aimed at U.S. domestic opinion. He also declared that the State Department was wrong in its judgment, adding that in the U.S. people failed to distinguish between different situations.

The fact is, as French officials have been keen to emphasise since M Mitterrand took power, that a Socialist Administration *is anxious for strong relations* with the U.S. to offset any suspicion that it is kow-towing to its Communist partners.

President Mitterrand's Government is keen on close links with the U.S. because he hopes to influence the Americans towards pushing down interest rates which, at their present high levels, are sabotaging the Government's attempts to revive the economy.

In an editorial last night Le Monde reflected widely-held views here in castigating the Reagan administration for short-sightedness. The paper said that the U.S. had the good luck to find in President Mitterrand a man who had much more experience of the Communists than they did, who was under fewer illusions about the Soviet Union than President Giscard d'Estaing, and who, over the issues of Afghanistan and nuclear missiles, spoke more toughly than his predecessors.

Vice-President Bush said yesterday that his talks in Paris had "carried forward" the two countries' "close and cordial relations." They had laid the groundwork for M Mitterrand's first meeting with President Reagan

A democratic republic plagued by pilferers

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S streets are virtually free of violent crime by day or night. But citizens who are otherwise law-abiding are stealing everything movable in factories and offices and commen roam the country selling non-existent cars and property *to the gullible.*

Herr Josef Streit, the Public Prosecutor, this week called for tougher sentences for the wholesale theft of public property. East Germany's tightly-controlled Press is now reporting selectively on crime, to warn citizens not to give way to temptation.

There was the case of Herr Wolfgang Budie, who managed a state-owned fruit and vegetable shop in East Berlin's Pankow district. He was convicted of swindling gardeners who neglected to ask for receipts of 80,000 marks (about £17,000) and customers of 120,000 marks (£25,000) in two years.

He sold second-class produce for first-class prices, which did not bother his customers who *were happy to obtain the scarce* produce. Although this was his first offence, Herr Budie was sentenced to nine years in prison, fined 25,000 marks and ordered to pay back the Konsum grocery chain 105,000 marks.

A team of four East Berlin building workers went on trial earlier this month accused of stealing 63,000 bathroom tiles, *plumbing fixtures* and baths, as well as large amounts of machinery. The loss was said to amount to 200,000 marks. They were given sentences of four to 11 years in prison and fined up *to 5,000 marks.*

Confidence men are constantly being arrested for collecting advance payments for cars they cannot deliver. East Germans normally have to wait up to 11 years for a new car.

A Rostock goldsmith, owning a private shop, amassed more than 1m marks, but in his tax returns declared his worth as *only 20,000 marks. He is* said to have had 800,000 marks in jewellery, coins and precious metals, as well as 330,000 marks in the savings bank and in mortgage certificates. He told *the court he always* ran a "profit-oriented" business. For this it gave him 5½ years in goal

Who's threatening who: W.Germany's missile dilemma

BY ROGER BOYES IN BONN

ANGST, said the novelist Guenther Grass recently, is the only growth sector in West Germany. Angst, a pervasive, almost uncontrollable fear, is the word written on the banners of West Germany's pacifist movement and is the label deployed by political groupings which want to reopen the debate about stationing new theatre nuclear weapons in West Germany.

Four years ago, the fear took a different form. Then, in a pioneering speech at the International Institute for Strategic Studies in London, Chancellor Helmut Schmidt warned of the growing number of Soviet missiles targeted on Europe. *These weapons, he* said, had not been dealt with in superpower or intra-bloc arms talks and posed a direct threat to Western Europe.

The reason for this changed perspective is, of course, the Nato decision in December 1979 to deploy 572 new U.S. missiles in Europe, to counter the Soviet build-up, and to negotiate arms control measures with the Soviet Union. Most of these missiles (108 Pershing 2s, 112 Cruise) will be based in West Germany, already the most *heavily armed European Nato* country. Nato's decision was thus a direct response to European fears of the Soviet missile build-up.

The implications of that decision have spilled over from dissidents in the ruling Social Democratic Party to reach a broad swathe of the population, above all young people.

*The movement, which is gain*ing ground in, for example, the Protestant church, still probably does not reflect the West German majority view. Many middle-aged people and pensioners retain the old angst—fear of the Russians. They remember vividly the Russian prisoner-of-war camps—many Germans did not leave Soviet captivity until well into the 1950s—the cold war and the *Berlin Wall*. U.S. missiles are a reassurance rather than a threat.

The Soviet Union itself is the source of fear for *many older West Germans, who remember the* prisoner-of-war camps and the Cold War. Younger people fear that U.S. missiles in West Germany will make them a prime nuclear target.

However, the peace movement can still cause Herr Schmidt considerable problems for four main reasons.

First, it can strengthen the affiliated peace movements in the Netherlands and Belgium, which have a proportionately *greater impact on national poli*cies. West Germany has promised to take the missiles only if other non-nuclear European countries do so. If the Netherlands and Belgium refuse, that leaves only Italy.

Second, the movement may well widen the gulf between the Chancellor and the left wing of his Social Democratic Party. *Herr Schmidt has threatened* to resign if the party votes at its next congress to scrap the missiles decision, which would normally have prompted instant obedience in the rank and file.

Third, the U.S. is worried that these protests signal a drift towards neutralism *in West Ger*many. The Chancellor was at pains at last weekend's Euro-pean-U.S. defence conference in Bonn to point out this was not the case, it was simply that West Germany's high population density made the stationing of missiles seem an especially acute subject. But the texts of such pacifist-oriented petitions as the *Krefeld appeal* —which criticises the U.S. missiles but skates over the Soviet build-up—seems to lend weight to American anxieties.

Finally, the stationing of the U.S. missiles is seen in Bonn as the real reason why the Russians are currently prepared to negotiate with the West—Moscow fears, in particular, the Pershing 2, which can reach Soviet territory in minutes. A pacifist movement campaigning for the abolition of the missile decision thus undermines Soviet willingness to negotiate. More than that, it encourages Moscow to believe it can achieve the kind of result which emerged from the protest against the neutron bomb.

The Bonn Government has to win the public relations war against the peace movement by both emphasising the threatening nature of the Soviet Union —and thus the need for "defensive" missiles—and the need for talks. The new U.S. Administration appears ready to give some assistance by stressing its willingness to negotiate with Moscow—but seems to be more irritated than concerned by West Germany's dilemma.

Balancing domestic public opinion, U.S. and Soviet intentions requires more than fast work. It also means thinking through exactly what Bonn wants from arms control talks and then feeding these views to the Americans. Talks between *Washington and Moscow*, said one senior West German Defence Ministry official recently, are not a goal in themselves. European interests have to be articulated.

The Social Democrats, meanwhile, are trying to create room to manoeuvre within Nato's decision to deploy and negotiate, discussing ways of reducing the fears of the populace, perhaps by shifting away from basing missiles on land and ways of making the talks with Moscow seem a credible attempt at arms limitation.

Three main areas are under discussion, although it must be stressed that the defence establishment remains sceptical.

● Stationing all or some missiles at sea, *in submarines and* on surface ships. Several Social Democrat defence experts favour sea-based systems because they would provide a strategic solution to a political problem. The peace movement would be robbed of most of its force. But there are strong objections to this idea. It would tend, for example, to play down the U.S. *commitment to the de*fence of European territory. Moreover, sea-based systems are extremely costly and confuse the theoretical boundaries between strategic and theatre weapons. This makes arms control measures even more complex. Still, if the Netherlands, Belgium and Italy refuse to have U.S. missiles on their soil (although Rome appears to have no doubts yet) that may be the Alliance's only option.

● The so-called zero option, much favoured by left-wing Social Democrats. This simply means that the West should push so hard for an arms control agreement that the new missiles become unnecessary, or at least that the number can be cut. This, however, misses the central Nato point which is that the Russians have an overwhelming preponderance of medium-range weaponry in Europe. For the zero option to come into effect, the Russians would have to withdraw many of the SS-20s targeted on Europe. This would be an unrealistic ambition.

● The exploitation of the Soviet fear of Pershing 2s. These missiles are what caused concern in Moscow, it is argued, rather than the slower and less-accurate Cruises. While the installation of Cruise missiles can proceed apace, the Pershings could be held back to squeeze concessions

These are only broad categories and many technical nuances exist. But one thing is clear: despite the increasing noisiness of the pacifists, Bonn is determined that the Nato decision should be carried out. Not only is it the only reliable way of persuading the Soviet Union to negotiate, it is, Bonn believes, the only institutional commitment binding the Reagan Administration to hold talks with Moscow. Were West Germany to refuse the weapons, it would, at this stage, be the main loser.

Anti-nuclear demonstrators carry a mock cheeseburger packed with missiles "Mr Ronald's Schlesburger (shooting burger)" through the streets of Bonn

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Peres attacks 'personality cult' of Begin's rule

BY DAVID LENNON IN TEL AVIV

THE LEADER of Israel's Opposition Labour Party, Mr Shimon Peres, launched a stinging attack on Mr Menahem Begin's record and personality as Prime Minister during a television election debate last night.

Both the leading parties are hoping that the confrontation, watched by 2m Israelis, will swing the floating vote, believed to be as high as 25 per cent, to their side on Tuesday.

Mr Begin, leader of the Right-wing Likud bloc, who was accused by Mr Peres of fomenting election violence, said afterwards that the Labour leader had launched "a vicious attack" on him during the debate.

A similar television confrontation four years ago is credited with improving the image of Mr Begin, who till then had been regarded by many as a wild democrat liable to plunge the country into war.

Mr Peres . . . looked the tougher of the two

This time, commentators said that the Labour Party leader looked confident and tough and came off the stronger of the two, despite the fact that his party is trailing in the polls.

Mr Peres called on the nation to "return to democracy" and end the "personality cult" of the Begin Government. He also attacked the Government's record on the economy, noting that prices had risen by 1,210 per cent in the last four years, that economic growth had halted, that peace with Egypt was endangered and national unity shattered.

Mr Begin was his familiar self, both expansive and derisive in turn, asking the Labour Party leader why the word socialism had been dropped from its election propaganda and then enumerating the failures of socialism during Labour's 29 years of rule up to 1977.

The Prime Minister said that he will take military action against the Syrian missiles in Lebanon if the diplomatic effort fails. On the occupied West Bank, he said that "no part will be handed over to King Hussein or Yassir Arafat. It is our homeland. If the Arabs want to live in peace, they can live under our sovereignty," he said.

Mr Peres replied that if the Likud followed its plan to annex the occupied territories with their population of 1.3m Palestinians, this would create a bi-national state and make it impossible for Israel to remain Jewish. He advocated territorial concessions on the West Bank and proposed that autonomy for the Palestinians should first be implemented in the Gaza Strip.

Our Cairo Correspondent adds: The Egyptian-Israeli peace process inched forward a step further yesterday when a U.S. spokesman announced here that Israel, Egypt and the U.S. had reached agreement on all documents needed to establish a multinational force to patrol the Sinai after Israel's withdrawal. Israel is due to hand back the remaining part of the peninsula next April.

Habib returns to U.S. as hopes rise on ceasefire

BY JAMES BUCHAN IN BEIRUT

MR PHILIP HABIB, the U.S. special envoy who has the most thankless task in the Middle East, departed from Beirut yesterday for Washington, leaving behind a fragile but promising ceasefire between the warring parties in Lebanon and a relatively stable situation in the "crisis" with Israel over Syrian surface-to-air missiles in east Lebanon.

Mr Habib is not expected to return to the Middle East until after the Israeli elections on June 30. He will probably not return before July 4 because of the risk of embarrassing Arab Foreign Ministers meeting in Lebanon to try to consolidate the ceasefire which has been in force since their last conference on June 7. This put an end to over two months of fighting between the major Christian, Right-wing movement and the Syrian troops and their radical and Moslem allies.

Although U.S. officials are extremely guarded, it is thought in Beirut that Mr Habib would not leave the region if there were any chance of Israeli action against the missiles in his absence. There is rather less confidence that there will not be a repetition of the Israeli attack on Palestinian positions that occurred during his last absence.

The Arab Foreign Ministers, representing Lebanon, Syria, Saudi Arabia and Kuwait and tho Secretary-Genelal of the Arab League, met for a preparatory meeting in Jeddah on Tuesday and Wednesday and renewed their commitment to the ceasefire. This announcement was immediately greeted by shelling in Beirut and at the Christian town of Zahle in east Lebanon.

S. African companies face change on security

By Bernard Simoni in Johannesburg

COMPANIES operating in strategic sectors of the South African economy are to be compelled to install comprehensive security measures under the terms of regulations being drafted by the Government.

In return, the companies, which include several foreign-owned operations, will be offered financial incentives, including tax concessions, to buy weapons and other security equipment, and to train security staff.

Tighter security at strategic installations has become a high priority since saboteurs blew up storage tanks at the Sasol oil-from-coal plants a year ago. Shortly afterwards, Parliament passed the National Key Points Act, giving the authorities wide powers to enforce security measures at installations designated as "key points." Publication of details of these areas is restricted.

According to a Defence Force spokesman, "several hundred" sites have been classified as key points. They include airports, power stations, oil refineries and chemical plants.

The director of the National Key Points Secretariat, Brigadier D L Hefer, said at a seminar earlier this week that owners of strategic installations had "a moral duty" to protect their premises with armed security guards.

Subsidiaries of several multinational companies in the eastern Cape have expressed disquiet at recent requests by the authorities to form vigilante groups among their white workers to protect company premises against sabotage or industrial unrest.

Brig Hefer said that the Government had agreed in principle to provide tax concessions for outlays on approved security equipment.

He added that legislation was being drafted to cover all aspects of protection of key installations. According to a leading executive in the security industry, the new regulations will lay down requirements for installing and maintaining equipment, and will provide for high penalties.

Slight rise in Japanese aid

By Charles Smith in Tokyo

JAPAN HOPES to disburse between \$3.5bn and \$3.6bn worth of official overseas aid in 1981—a slight increase over the \$3.3bn given in 1980. This will probably lead to a fall in the ratio of official aid to gross national product, following three years of rapid increases.

One reason for the relatively modest increase in aid predicted for 1981 is that there was a "bunching" of Japanese multi lateral aid last year, owing to simultaneous replenishment of several aid funds to which Japan is a contributor.

Malaysia party contestants neck and neck

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA will undergo a significant change of leadership today as the ruling United Malays National Organisation, (Umno), meets for its trienniel elections. The party will confirm Dr Mahathir Mohamed, 55, as the new party leader.

He will take over the Prime Ministership within a fortnight from Datuk Hussein Onn, who is stepping down because of poor health. The 1,250 Umno delegates will also elect a new deputy party president, who will almost certainly be the new Deputy Prime Minister.

The election of Malaysia's new Prime Minister and his deputy will set the tone for the way in which this complex and volatile multi-racial country will be governed for at least the next decade.

The new Umno leaders are the first crop of the post-merdeka (independence) Malay elite and all of them shot to prominence as a result of the racial riots in 1969, commonly known as the May 13 incident.

The riots of 1969 were a major turning point in Malaysia's history since independence in 1957. They were the catalyst for the Government's subsequent policies, most notably its promotion of the economic interests of Malaysia's Bumiputra (Malay) population, which has consistently felt exploited by an enterpirsing Chinese minority.

The election of Deputy Prime Minister is also crucial, since the hierarchical nature of Malay politics makes it virtually certain that he will eventually succeed Dr Mahathir.

Musa Hitam, a leading contender for the deputy leadership, established his "Malay" credentials during the May 13 period, setting the stage for his current popularity as Education Minister. But at the same time, new economic policies proclaimed after the riots gave free rein to his main rivals, Tengku Razaleigh, the Finance Minister, who is honoured as the "father of the Bumiputra economy."

Tan Sri Ghazali Shafie, one of the outsiders, a civil servant, was at the operations room on the night of the riots, and since then has played as important role in the nation's affairs as Home Minister.

All these men have learnt one vital lesson: in a multi-racial country, no policy can satisfy every group. To survive and stay in power, leaders have to please the dominant community—the Malays, who form half the 14m population.

The structure of Malaysian politics bears this out. The government is a coalition of 11 parties, but in practice, Umno is overwhelmingly dominant, even though it has only 59 seats in the 154-member Parliament.

Dr Mahathir's assured status as Malaysia's fourth Prime Minister has not diminished the excitement over the Umno elections. The contest for the deputy leadership is the fiercest in the party's 35-year history.

The contenders have been campaigning hard and long behind the facade of unity, forging new alliances and forgetting the old intrigues which are so common in Malay politics.

Both candidates are in their mid-40s and know this chance might not come again. Both have made strategic mistakes. Razaleigh has spoken out too early and too loudly about his ambitions and Musa has been indecisive, trying for two party posts and then withdrawing from one contest at the last minute. They are running neck and neck.

Mahathir's elevation opens up a new era

BY KEVIN RAFFERTY IN HONG KONG

A NEW ERA is about to begin in Malaysia, the richest and most stable of South-East Asia's bigger countries. Dr Mahathir Mohamad, now about to take power, once had the reputation of being a wild man and a Malay ultra-nationalist in a country of the most delicate racial balances. But his many supporters say his experience as Deputy Prime Minister has given him new strength and smoothed his rough edges. Others hope and pray this proves so.

It is difficult to imagine a contrast more striking than that between Malaysia's retiring Prime Minister, Datuk Hussein Onn, and Dr Mahathir, who will be confirmed as President of the ruling United Malays National Organisation (UMNO) this week and installed as Prime Minister next month.

Datuk Hussein is the model of the shy genetleman, retiring, slow to the point of being ponderous, agonising painfully over decisions, but with a reputation for being the epitome of fairness and rectitude. His successor is quick—quick to react, and sometimes regarded as quick-tempered. He has been known to open his mouth to comment even as he is still thinking through his decision.

The change is more than a difference of styles and personalities. Malaysia, independent since 1957, is to get a Prime Minister who represents the generation of independence, with all the assets and liabilities that implies. Unlike previous leaders, Dr Mahathir was not a main party to negotiations with the British; he did not hold office under an alien regime. He is proud to be Malaysian and proud to be a Malay. (He admits to some Indian blood, but says it is only "a teaspoonful").

He will also be the first "ordinary" Malaysian leader. He is from Kedah and unlike other Prime Ministers, is unconnected with any Malay royal house. He will also be the first Prime Minister not to be a lawyer, and the first educated locally, rather than in England. His medical doctorate was obtained at the University of Malaya, with its campus then in Singapore.

Dr Mahathir's pride in the achievements of an independent Malaysia came through recently, when the new British High Commissioner in Kuala Lumpur, Mr William Bentley, said Britain had paid for the development of Malaysia not only with money, but with lives and blood. He was taking up a Malaysian claim that Britain was being ungenerous in raising the fees paid by foreign students for higher education in Britain.

Not long afterwards, Dr. Mahathir sharply told a group of European businessmen, without mentioning Britain by name "(some European countries) still hold outlandish views of Malaysia. For instance, one of their representatives in Malaysia recently claimed the development of Malaysia was brought about by his country. You may notice from the newness of almost everything in this country that they are all the result of conscious efforts by Malaysia after independence."

"We had categorically no help from the claimant. Indeed, of late the help has been negative. Even their firms which made and still make much money out of Malaysia will not spend a dollar in helping our students." This was a reference to the lack of response by British companies in Malaysia to suggestions that they should sponsor Malaysian students.

Mahathir Mohamed . . . new Prime Minister

Malaysia's progress has to be a delicate system of balances and compromises, of pushing and promoting the Malays without upsetting the other racial groups and causing an outflow of capital or of good will.

The 55-year-old Mahathir has grown wiser as he has grown older, say his friends, but he still retains the worrying reputation of shooting from the hip. The word "shooting" in fact got him ito international hot water two years ago. Most reporters then thought they heard him say that Vietnamese boat people refugees should be discouraged by shooting them. He later explained he had used the word "shooing." A colleague said Dr Mahathir still sometimes gets so involved that he does not stop to think of the damage a misplaced or mispronounced word can do.

Committee will review claims by airlines

BY IAN HARGREAVES IN NEW YORK

THE REAGAN Administration has made its first concession to the claims of several large U.S. airlines that they are being unfairly treated by some foreign Governments, and is setting up an inter-departmental committee to review the matter.

Formation of the committee, to be headed by Mr. Darrell Trent, Deputy Transport Secretary, was disclosed in a letter from Mr Edwin Meese, one of the President's closest advisers, to Senator Howard Cannon, the ranking Democrat on the Senate Transport Committee.

Mr Meese re-iterated the Administration's view that any problems in international aviation should be dealt with under the framework of existing law, rather than by suspending the process of negotiating operating rights with other governments, as several airlines have suggested.

But he said Mr Trent's working group had been asked to take a wide-ranging look at the international air transport field, without setting any deadline for the committee to report.

Also released yesterday was the text of a letter from three Texas Congressmen to Mr Drew Lewis, Transport Secretary, and Mr Alexander Haig, Secretary of State.

The Congressmen, in supporting the case of the Texas-based airline Braniff International for a tougher posture by the U.S. in negotiating route rights, denounce the "unfair subsidised competition" offered by many state-owned airlines, and urged the Administration to refuse to negotiate more route right deals until the Trent review is complete.

In May, five leading U.S. airlines responsible for 85 per cent of international traffic sent a document to the Administration and Congress arguing that they have been pushed into heavy losses largely because of "unfair treatment" at the hands of foreign governments.

Court backs Congress over women in Army

By Our U.S. Editor

THE U.S. Supreme Court ruled yesterday that Congress had acted properly last year in voting to exclude women from registration for military service.

The issue had become something of a cause célèbre for the feminist movement in America, but the majority of the court—which was divided six to three — took the narrower view that what was at stake was not women's rights but the authority of Congress to proscribe in the military and defence fields.

This, Justice William Rehnquist wrote for the majority, was well established by precedent and therefore the court had to be "particularly careful not to substitute our judgment of what is desirable for that of Congress."

Justice Thurgood Marshall, for the minority, argued in a dissent that the ruling "excludes women from a fundamental civic obligation."

Justic Byron White concurred, adding that recent experience had shown that women could play important roles in the military.

Reagan eases guidelines on business monopolies

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration is relaxing the guidelines which the U.S. Government has used for the past 13 years to judge which business mergers it should challenge on anti-trust grounds, Mr William French Smith, U.S. Attorney-General, told Washington lawyers.

Competition could exist in sectors dominated by a few big companies, he declared, encapsulating the Administration's view that bigness in business does not necessarily mean badness.

"The disappearance of some companies should not be taken as indisputable proof that something is amiss in an industry." The most efficient companies should not be hobbled with Government anti-trust fetters.

This was Mr Smith's first major anti-trust policy statement, though the more lenient Administration attitude towards business mergers had already been sketched out in public by Mr William Baxter, the anti-trust division chief under Mr Smith.

At the same time, the Federal Trade Commission, which since before World War I, has shared anti-trust or fair competition enforcement responsibility with the Justice Department, is being reined in.

This accords with the Reagan Administration's wishes. It sees no need for "two cops on the anti-trust beat," and prefers to promote the primacy of the Justice Department over which it has more executive control.

This week, a House of Representatives sub-committee approved a proposal to bar the FTC from spending any more money on its nine-year-old anti-trust case against the three biggest breakfast cereal makers. Congress already clipped the FTC's wings last year in revising its charter.

The FTC's own staff also this week urged their commissioners to drop the agency's eight-year-old case against the eight biggest U.S. oil companies.

Mr Smith, in his address to the Washington Bar Association, sought to deflect the charge, often made in liberal quarters, that the Reagan Administration plans to crack down on street crime at the price of "going easy" on "white-collar crime."

Gulf invests £280m in Arctic exploration

BY OUR FOREIGN STAFF

GULF CANADA Resources, one of Canada's major oil exploration companies, is to invest in a C$674m (£280m) drilling system for operation in Canada's Beaufort Sea.

The system comprising two drilling units, two icebreakers and two supply boats, is designed for exploring Canada's northernmost Arctic regions and is expected to commence exploration activity in the summer of 1983.

It will work on concessions totalling 1.5m acres held by Gulf in the region, which must be explored within a given time, or farmed out to another company.

Gulf is also looking for a suitable site to build a land base to support marine activities. One site under consideration is Tuktoyaktuk, at present used by companies such as Dome and Esso Resources Canada as an operations centre.

R. H. Carlyle, senior vice-president with responsibility for exploration, says that despite the unfavourable terms of Ottawa's National Energy Programme, under which Gulf, as a foreign-owned company, is only entitled to 25 per cent incentive grant, the Beaufort Sea prospects "are exciting enough to make us want to explore."

At a Halifax conference, Gulf Canada's president, Mr John Stoik, said the company will need to earn $60 per barrel of oil to recover its investment. Mr Stoik said that he expects world prices to reach that mark by 1986, but "I don't expect production from the Beaufort until some years after that."

David Lascelles, recently in California, reports on private deals for home finance

Creative Californians beat the housing crisis

AS THE U.S. housing market lies prostrated by record interest rates, would-be house-sellers are having to strain their ingenuity not just to entice would-be buyers but to help them to finance the deal once it is done.

This has spawned a new industry known as "creative real estate financing," a rather grand title for what essentially amounts to the seller lending someone the money to buy his house in order to clinch the deal.

The practice is most developed *in California, a state* which prides itself on its creativeness, but which is also facing the most acute housing crisis in the U.S. Unless a seller there is willing to be "creative," the chances are he will get not so much as a nibble.

"Creative finance available" is now listed along with "two recep., 4 b'rooms, and pool" in the small ads.

The problem stems from the sizzling pace at which California housing prices have risen in recent years as migrants from other parts of the U.S. succumbed to the state's allure, creating a demand for housing which the construction industry has been unable to meet (partly because of tough zoning laws).

The average California urban house now costs $115,500, compared with a national average of $70,000. But this obscures the real point: it is virtually impossible to buy a family home within reasonable commuting distance of the centres of Los Angeles and San Francisco for less than $300,000. In such choice neighbourhoods as Beverly Hills, two-bedroom bungalows cost $400,000 and up.

With present mortgage rates of 16 to 18 per cent, it is estimated that the cost of an average house is beyond the means of 95 per cent of the state's population—unless, of course, they have a house of their own to sell. But that is also a problem, because the market is at a virtual standstill.

By the standards of any market, prices should have responded by coming down. However, a family's investment in its home has become sacrosanct. Home owners have bitterly resisted downward price pressures. But something had to give, and most home sellers have yielded over the terms of sale.

The California home loan is based (as in the U.S. in general) on the fixed rate mortgage, repaid in unchanging instalments throughout its life, no matter what happens to interest rates. However, the Californian picture is complicated by a state Supreme Court ruling in 1978 known as the Wellenkamp Decision, which allows a home seller to pass his mortgage on to the purchaser. (The decision actually prohibits a lender from calling in a mortgage when a borrower sells his house.)

House sellers now typically provide buyers with finance, usually for short periods, at below-market interest rates. The intention, usually, is that the buyer will obtain a proper mortgage when interest rates come down.

Thus a home owner with an old 6 per cent mortgage can pass it on to the purchaser even if the market rate for mortgages has gone up to 15 per cent. Many purchasers have thus been able to finance acquisitions which would otherwise have been beyond their means.

However, because of rising real estate values and the fact that most low-cost mortgages have been partially paid off, Wellenkamp mortgages typically cover less than half the sale price of the house, leaving the purchaser to find some topping-up finance.

Partly because of Wellenkamp, however, many banks and home loan institutions have stopped making mortgages and it has been up to buyer and seller to work out their own arrangements, usually with the help of wily real estate brokers.

Typically, a seller now offers to provide the purchaser with the finance himself, either in the form of a loan or a mortgage. Such deals are usually struck at below-market interest rates (12 per cent is common), but tend to be for short periods, up to five years. The intention, usually, is that the purchaser will obtain a proper mortgage when interest rates come down in the next year or two, and then repay the seller's loan.

Thus the haggling in a house sale has shifted from the price (which it has become in everyone's interest to protect) to the terms of the creative financing.

A buyer in a strong position will be able to wring cheaper finance from the seller than one in a weak position.

Thousands of sales have been done this way, and creative financing has undoubtedly helped to keep the market alive. But it is also causing concern.

The main fear is that interest rates will not go down as fast as the deal-makers hope, and that borrowers will be unable to refinance the short-term seller loan when it falls due. Since the seller is almost certainly counting on those funds to refinance his own looming commitments, a single failure could have a damaging domino effect.

Property experts predict that the crunch will come in 1982-1983, when most of these private deals fall due. If so, the California property market could be heading for another crisis.

In the meantime, the home loan industry is fighting to get Wellenkamp reversed, on the grounds that it could destroy the mortgage market. Legislation has been prepared in Sacramento, the state capital, and it could be passed later this year.

White House closes ranks on foreign policy row

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE REAGAN Administration closed ranks yesterday in an attempt to play down reported disagreements over the control and conduct of U.S. foreign policy.

President Ronald Reagan and Mr Alexander Haig, his Secretary of State, were due to confer in Los Angeles last night in an effort to calm the row.

Within the past 24 hours, all parties have rushed to deny that anything was amiss and to dispute accounts in the New York Times, the Wall Street Journal and elsewhere, all emanating from Mr Haig's travelling aides in Honolulu, that the Secretary of State was dissatisfied with Mrs Jeane Kirkpatrick, the United Nations Ambassador, with the National Security Council, and with Mr Edwin Meese, the White House Counsellor.

Mr Reagan telephoned Mrs Kirkpatrick, on holiday in France, to praise her for her negotiating work on last week's UN resolution condemning Israel's raid on Iraq's nuclear facility.

Mr Haig interrupted a rest in Hawaii to dispute the accuracy of the New York Times report in particular, claiming he had been fully consulted throughout the UN deliberations. In Washington, the State Department's deputy spokesman said the same.

But the incident again raises doubts over whether Mr Haig understands the way in which Mr Reagan likes to run his Government, in which senior members are expected first and foremost to be "team players," not individualists.

Democrats' plan could threaten spending cuts

By Our U.S. Editor

RELATIONS between President Ronald Reagan and the Democrats who run the *House of Representatives* deteriorated yesterday in the wake of the Democratic plan which is threatening to make more difficult the passage of all the President's proposed spending cuts.

Under the rules adopted by the Democratic leadership, the Budget will come up for a floor vote not as a single package, as the President wants, but in six distinct pieces.

This tactic, the Democrats believe, will make it more difficult for members of the House to go on record as voting as many as six times for the decimation of politically popular programmes in the social field.

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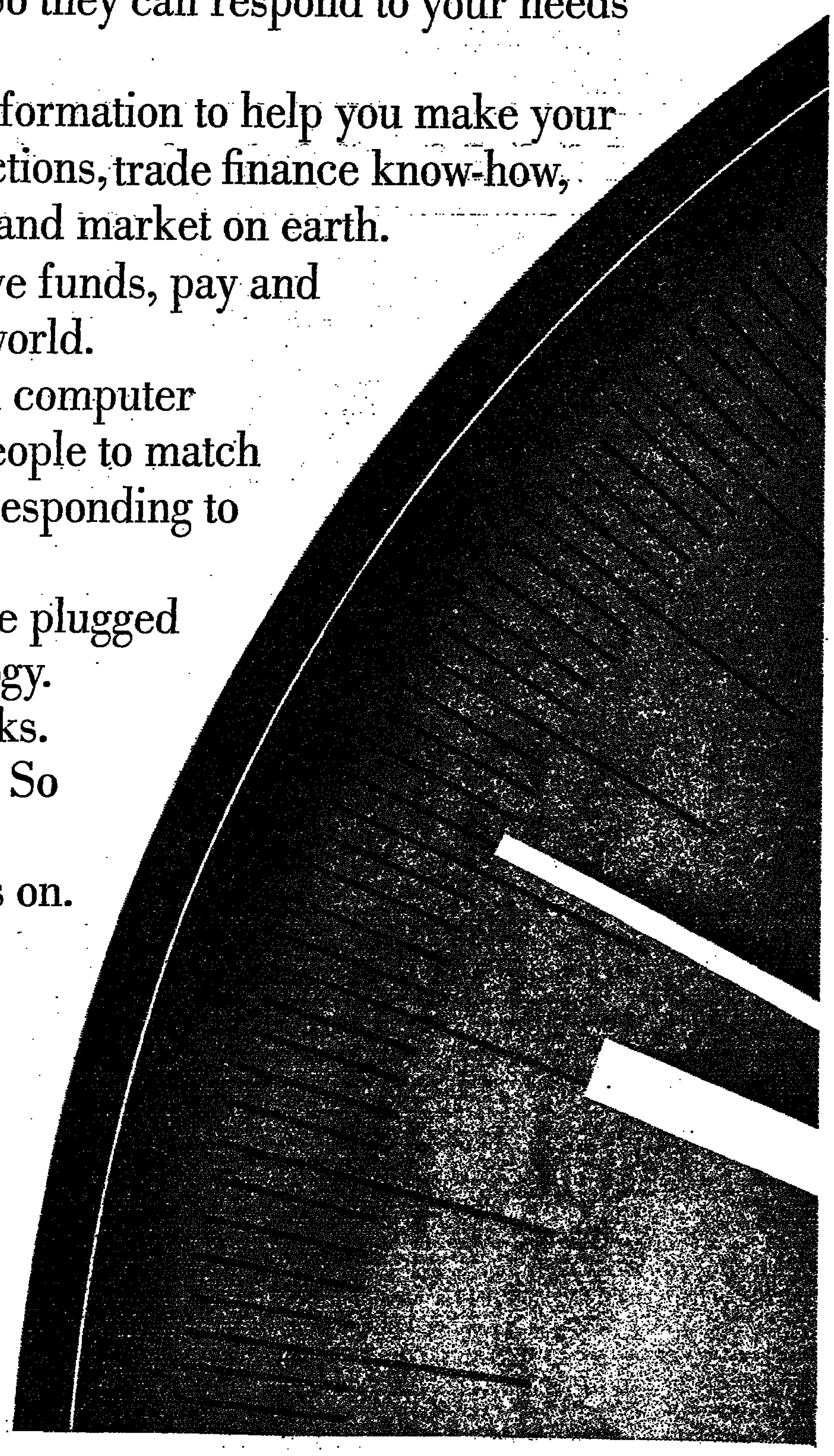


UK plans coal exports of £300m

BY RAY DAFTER, ENERGY EDITOR

THE UK National Coal Board is planning to export more than £300m worth of coal this year—the highest amount for a quarter of a century—Sir Derek Ezra, chairman, said yesterday.

Nearly 10m tonnes of coal and 1m tonnes of coke are being sold abroad, helping to offset depressed UK demand and contributing to a reduction in high stock levels.

The board is making little, if any, profit on the deals. In the case of production from high-cost pits, it is being forced to accept big losses.

On average the board is selling the export coal at virtually cost price, about £30 to £34 a tonne depending on quality. Most is produced in Yorkshire and the Midlands and shipped via Immingham on Humberside.

Sir Derek told a European export conference in London that the UK coal industry could be exporting as much as 15m tonnes by 1985. There were particularly strong opportunities for expanded business on the Continent.

This year's exports—double the 1980/81 export tonnage which doubled the previous year's performance—were the result of a sales drive and unexpected market opportunities.

He told the conference, organised by the British Overseas Trade Board, that the opportunities had also arisen after problems in other coal-producing countries. These included industrial troubles in Poland, the U.S. and Australia, and congestion at traditional export terminals, particularly in the U.S.

"The British coal industry moved in quickly, winning new business and helping to consolidate existing markets," said Sir Derek. "We are gaining footholds which will provide a firm basis for future expansion."

Sir Derek, who is chairman of the trade board's European trade committee, warned that exports of about 10m tonnes would reach the upper limit of port handling facilities. The Coal Board was encouraging port authorities to improve and expand coal shipment terminals.

As a result of the exports and a promotional drive for domestic sales, the Coal Board hoped to reduce substantially the addition to stocks this year.

According to the Energy Department, stocks at the end of April were 39.3m tonnes, a rise of 900,000 tonnes during April and 10.5m tonnes more than at the same time a year previously. This level is sufficient to meet UK demand for more than three months. In the first quarter of this year, UK coal consumption totalled 32.4m tonnes, a drop of 8.9 per cent on the corresponding period last year.

Ezra: "We moved in quickly"

Project demise highlights multinational risks

BY ROGER BOYES IN BONN

THE OFFICIAL DEMISE this week of a U.S.-Japanese-West German coal liquefaction project is a warning signal to Bonn about the financial risks of multinational energy research.

The three countries said they had decided to scrap the coal-to-oil plant because of escalating costs. The original cost, estimated in November 1979, was $1.4bn (£707m).

The plant was to be built in Morgantown, West Virginia, with 50 per cent financing by the U.S. and 25 per cent by West Germany and Japan.

The project differed radically from the commercial-scale liquefaction plants being operated in South Africa by Sasol, the State-owned hydrocarbons corporation, because it would have missed out the intermediate stage of gasifying the coal.

The so-called solvent-refined coal process—rights to which are jointly held by the U.S. Government and Gulf Oil—would have been used and the plant was to have processing capacity of 6,000 tonnes of coal a day, producing the equivalent of a 20,000-barrels-a-day refinery.

The original estimate was overtaken by inflation. Estimates now are $1.88bn. One official calculation is that by completion date of 1985, costs would have risen to $2.7bn.

The doubts were mainly on the U.S. and West German sides. The West German reason for withdrawal has four main causes: a squeezed research Ministry budget, the effects of the weakness of the Deutsche Mark against the dollar (which would have added substantially to the German contribution), a philosophical shift towards greater participation of private enterprise in such long-term projects, and a feeling that the project was larger than needed to make a scientific point, yet too small to be commercial.

U.S. doubts were broader. Two principal problems were President Reagan's attempt to remove Federal support from the alternative fuel programme and an attitude, shared by the West Germans, that companies should play a stronger role than Government in such projects.

The withdrawal may have serious implications for West Germany's future attitude to international energy projects. At the least it will mean that Bonn demands much more precise costing before entering into such a large-scale project again. Bonn will also be forced to re-evaluate whether such joint co-operation should be based in the U.S.—especially when the dollar is so strong—even when the key technology is of U.S. origin.

Morocco ties contract awards to British aid

BY OUR WORLD TRADE EDITOR

BRITISH companies will not win major project contracts in Morocco without the provision of official aid, Mr Mohamed Belkhayat, director general of the Moroccan Office for Industrial Development, said in London yesterday.

Before Davy Loewy, of the Davy Corporation, won a contract for a steel rod mill last year, British aid was at a low level, he noted.

The volume of French aid to Morocco helped its companies to win contracts, Mr Belkhayat made clear.

"The Export Credits Guarantee Department has a very important role to play, to increase the number of contracts to be won by UK firms."

In the Davy Loewy case, the ECGD supported a £72.3m export credit arranged by Morgan Grenfell and ODA provided £13.5m.

It has been clear for some time that mixed credits—the blending of aid with export credits—are necessary to win project contracts in some developing countries, like Egypt and Malaysia, but it is rare for senior officials to be so specific publicly.

Importers urged to buy parts from India

By Lisa Wood

THE COST advantages for small and medium-size British companies to buy components from India where labour costs are lower were stressed yesterday by an industrial mission to the UK organised by the Association of Indian Engineering Industry (AIEI).

The mission is the third in the last two years and follows the visit in April to India by Mrs Margaret Thatcher, the Prime Minister. She faced pressure from India to redress the trade imbalance, favouring Britain.

Two-way trade is estimated at £845m last year, with Britain exporting £530m worth of goods to India and importing goods worth £316m. The balance has been in Britain's favour since 1978. It is thought Indian exports to Britain will remain fairly static this year, with exports to India rising by about 15 per cent.

Mr Trishul Sinha, AIEI president, said: "We are not suggesting that trade between the two countries must always balance but there must be a degree of reciprocity in trade."

In his mission he has pointed out to medium-size and smaller British companies how "we can make certain intermediary products for UK companies using relatively cheap manpower."

Much of India's imports from Britain over the last few years have been capital equipment and the AIEI believes that once Indian industry can produce a surplus in these non-traditional areas of manufacture the trade gap could narrow.

It was hinted by the mission that if India's exports to the UK did not grow naturally, the Indian Government could be pressed by its manufacturers to discontinue its liberal import policies.

Talks have been going on for some time about Indo-British co-operation on Third country projects.

Increased fees for overseas students being charged by the British Government could have a detrimental effect on trade between the two countries in the future, according to Mr Manmohan Singh, past president of AIEI.

Government pushes big company help for small UK exporters

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE UK Government is looking to large exporters to help small and medium-sized companies find sales opportunities in Western Europe, Mr. John Biffen, the Trade Secretary, said yesterday as he launched in London, Export Europe, a major sales drive.

The drive is a nationwide effort by the Exports to Europe branch set up last year in the Department of Trade to draw smaller companies into the export net. It reflects the growing stress laid by the Government on strengthening trade links with continental Europe.

But the campaign comes against the background of heightened speculation that there will be additional cutbacks in the activities of the British Overseas Trade Board, set up nine years ago to advise the Government on trade strategy and run export promotion services. The BOTB is largely made up of businessmen.

BOTB officials have prepared a series of options for the board to consider in anticipation of a further directive by the Government to reduce expenditure in line with more general plans to reduce official spending.

Such cuts would be additional to those announced in April last year. Then it was decided, after a review by Sir Derek Rayner, that total spending would by cut by £4m in 1981-82, £4.9m in 1982-83 and £5.8m in 1983-84. Total spending in 1980-81 was £27m.

The BOTB's board has so far had only the most general discussion about further cuts and no decisions have been taken. Any future cuts would mean a re-definition of BOTB priorities.

But the BOTB announcement earlier this week about an extension of its Market Entry Guarantee Scheme, which involves risk-sharing on new export ventures with smaller companies, is an indication of where future priorities might lie.

Last April it was announced that BOTB support for trade missions to Europe would be reduced, on the argument that Europe is simply an extension of the home market. It was this argument that was emphasised at the launch of Export Europe yesterday.

If UK manufacturers do not build a strong position in Western Europe as well as in the UK, "the more successful European manufacturers are going to arrive here and take over their UK market from them," said Mr Cecil Parkinson, the Minister for Trade.

"That bit of Britain is all that the insular UK manufacturer has. But he's going to lose it because he won't be able to compete effectively against European rivals."

Although the proportion of the UK's trade with Western Europe has increased markedly, from 34 per cent to 58 per cent over the last 20 years, this proportion is lower than for any European country except Iceland and Spain.

Manila chooses Mitsui group

BY EMILIA TAGAZA IN MANILA

A CONSORTIUM led by Mitsui of Japan is to build a $250m (£126.3m) coal-fired thermal power plant for the Philippines State-owned National Power Corporation (NPC).

The terms of the agreement specify that construction of the 300 Mw plant must be completed within 38 months of signing. This is expected to take place next month.

Mitsui and its partners—Toshiba of Japan and Foster Wheeler of the U.S.—agreed to bear the financing of the project. NPC said 85 per cent of the funding requirements will be provided by the Export-Import Bank of Japan, with the rest raised from foreign commercial banks, presumably Japanese.

The award came more than a year after bids were invited for the project. NPC said the contenders had difficulties coming up with a financing scheme that was agreeable to the Government.

Mitsui won over the Marubeni consortium composed of Hitachi, and Babcock and Wilcox (Canada), and Skoda Export of Czechoslovakia. A consortium composed of British companies including Babcock Power, withdrew early in the race because it was told its bid was too high.

NPC said it will hold up an option to award a second coal-fired plant to Mitsui. Mitsui supplies plants and accessories to NPC's geothermal development projects.

Europe fails to agree on MFA

By Rhys David

THE EEC Council of Ministers this week postponed a decision on the mandate to the Commission for the forthcoming General Agreement on Tariffs and Trade (Gatt) Multifibre Arrangement (MFA) negotiations. Further discussions will take place in the next few weeks between member governments and a renewed attempt to secure an agreed EEC position will be made at the council meeting next month.

The lack of progress at this week's Brussels meeting was due partly to the number of other important issues to be discussed including trade with Japan. It reflects continued lack of agreement between member states.

Support for a tougher MFA agreement—tightening restrictions on textile and clothing imports from developing countries—came from France, the UK and Italy. They were opposed by West Germany, Denmark and the Netherlands.

Agreement was reached on only three points: that the MFA be renewed, that it should be for five years (rather than 10 years as requested by the industry in Europe), and that it should be only temporary to allow European textile producers to continue restructuring.

The lack of agreement means the EEC will not have a formal position ratified by the start of the Gatt textile committee meeting in Geneva on July 14 at which MFA renegotiation will be on the agenda. The meeting is due to last all week, so a decision by the Council of Ministers at its meeting on July 13 and 14 could be communicated in time.

Borg-Warner considers more investment in Wales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BORG-WARNER'S UK transmission subsidiary is poised to make a substantial investment at its plant in South Wales — but only if producitivity improves substantially.

The future of the UK company rests firmly on the success of a continuously variable transmission (CVT) it has developed with Van Doorne of Holland and Fiat of Italy.

Many in the motor industry believe CVT systems will be used in a majority of small, front-wheel-drive cars in Europe and the U.S. by the end of the 1980s.

Borg-Warner is ready to spend £3.5m next year so that the first low-volume output of its CVT could begin late in 1983 — production believed to be for the Fiat Ritmo/Strada.

It also hopes to complete a contract which would involve the output of 500,000 CVTs a year, starting in 1984, compared with the current capacitl of the UK plant of 220,000.

This would mean investment of at least £30m at the plant at Kenfig, Glamorgan.

Borg-Warner says *half* the 500,000 output would go to the U.S. This suggests that General Motors is considering using the transmission in its "S" car, a vehicle smaller than the Fiesta *—due to go into production in* Spain in 1983-84—and other cars.

However, Mr. Ken Thorpe, Borg-Warner UK's American-born managing director, who took over last month, has warned the Kenfig workforce that he will not recommend the CVT to go into production there until productivity improves.

The plant is working at 70 per cent efficiency, according to Mr. Thorpe. He is pushing for 95 per cent. This would be achieved by more flexible working practices and by cutting overtime. Kenfig is now operating seven days a week.

Mr Thorpe has pointed out that the output by the 1,300 employees at the South Wales plant of 100,000 automatic transmissions a year compares with 750,000 transmissions produced by the same number of people in a similar Japanese plant.

£84m top-up for miners' fund

BY CHRISTINE MOIR

THE NATIONAL Coal Board and the Government had to top up the Mineworkers' Pension Scheme by £84m in the year to September 1980 to meet the actuarial deficit estimated after *the 1975 valuation.*

The Government Actuary, who is still preparing his valuation for 1978, revealed in the accounts published yesterday that the funds would continue in deficit and more top-ups would be needed.

Just over half of the £84m (£70m in 1979) represents a deficit built into the fund when it started in 1975. Last year a further £8.9m was needed to *provide for agreed pensions increases* which could not be met from the fund's own resources, in addition to liabilities for previous years' increases.

The fund, which provides pensions for the blue-collar workers in the mining industry, grew from £941.3m to £1.20bn by market value during the year, but its performance seems to have slipped. Measured by the fund's quoted securities' portfolio the Wood Mackenzie league table which is widely used by pension funds, performed "above average" over a six-year period, the accounts state. The previous year's accounts claimed a performance *in the top 10 per cent of the* league table over four years.

Mr Hugh Jenkins, the investment manager, yesterday attributed part of this change in performance to the increasing proportions of the fund being invested directly in unquoted companies and in property.

The property portfolio, which was revalued to show a £180m surplus over book value, stood at £407m or 34 per cent of the total at the year-end. Rental income is expected to grow by 43 per cent in the next five years at current values. About £25m was invested directly in unquoted companies, bringing this total to £47m.

Bids and deals, Page 24

Fiat-Allis to close Essendine operation

By John Griffiths

FIAT-ALLIS (UK) is to close *its production plant* at Essendine, Lincolnshire, at the end of the year with the loss of 460 jobs.

A spokesman said yesterday that the closure "has become unavoidable, owing to the continued shrinkage of the European market for its products and the very substantial losses to the company which have resulted."

The company, which makes earth-moving equipment, is part of a joint venture set up in 1974 between the Italian Fiat group and Allis-Chalmers of the U.S. The group is three-quarters controlled by International Holdings Fiat (IHF) of Zurich.

Fiat-Allis will supply the UK market from other group sources. It has three manufacturing plants in Italy, one in Brazil and two in the U.S.

***Like others in the construc*tion and earth-moving equipment industry, Fiat-Allis has suffered from over capacity and a fall in demand both in the U.S. and European markets.**

The need to keep spending under control has led to the postponement or cancellation of many public sector projects, while no real upturn in private sector investment is expected before 1982.

The closure announcement comes only two months after the company had said it was making 130 of its workforce redundant. The Essendine plant has been on a four-day *week since last October.*

Approval sought for joint telecommunications plan

BY GUY DE JONQUIERES

CABLE and Wireless, Barclays Merchant Bank and British Petroleum have asked for Government permission to set up a joint modern communications network to serve business customers.

The first phase of the project, costing about £50, is expected to be working by 1983 to link seven cities in England. Cable and Wireless and BP would each hold 40 per cent and Barclays 20 per cent in the joint venture.

"Our aim is to give a new dimension to telecommunications," Mr John Bird, Cable and *Wireless' managing director* of communications systems and services, said yesterday. "We want to build a network which will be at the very forefront of contemporary technology."

The project, known as Mercury, is the first solid response from the private sector to the Government's plans to open British Telecom's telecommunications monopoly. It would also be the biggest UK scheme yet undertaken by Cable and Wireless, which does almost all its business overseas.

The network would be in advance of any operated by British Telecom or elsewhere in Europe. Using the latest digital technology, it could carry a broad range of communications including ordinary telephone conversations, high speed computer data and videoconferences.

The consortium plans to build a giant loop 700 miles long linking London, Bristol, Birmingham, Manchester, Leeds, Liverpool and Preston. It would be able to carry up to 8,000 simultaneous telephone calls.

The loop would be made of optical fibres, hair-thin strands *carrying electronic signals* in the form of light pulses, which would be laid along British Rail track.

Communications would be transmitted between the loop and city centres by high frequency microwave radio. Customers would be linked directly to the microwave stations by cellular radio, a technique developed in the U.S. for mobile communications.

The service could be expanded later to Northern England and Scotland by using a satellite.

Initially, the network would probably be used mainly by big companies for internal communications. But the consortium intends to sell capacity to independent operators interested in offering *'value added'* services like computer time-sharing or electronic mail.

Though the project will be designed as a self-contained network which can operate independently of British Telecom's circuits, the consortium hopes that British Telecom would agree to connect the two systems.

The consortium hopes to obtain a government licence by October, after the Telecommunications Bill has received Royal Assent and Sir Keith Joseph, the Industry Secretary, has announced the detailed rules for liberalising telecommunications.

Mr Bird said preliminary soundings among prospective customers had been encouraging, and that the network would make many new types of business communication possible. The consortium aimed to become Britain's second biggest carrier after British Telecom.

Food industry warns on starch refund

BY GARETH GRIFFITHS

BRITISH food manufacturers warned yesterday that their costs could increase by several million pounds a year and prices for a wide range of foods would rise if the European Commission scrapped its refund system on starch and glucose.

Proposals on the future of *the refund* at present £11 a tonne on maize used in starch and glucose making are expected within the next fortnight.

Glucose and starch are used in such food as jams, boiled sweets, ice cream, custard powder, powdered soups and malted drinks. The FMF estimate that the end of the refund *would mean an increase in* glucose and starch prices of another £27 a tonne, from around £250 a tonne and that the food industry would have to find an extra £5.5m a year for glucose alone.

The trade associations regard the proposed action as favouring industrial users of starch. They believe it is motivated purely by the need to cut costs. Refund levels have already been cut from £26 a tonne in 1973 to the present £11.

A Commission paper circulating among senior officials in Brussels this week proposes that EEC starch producers should be able to import 2m tonnes of levy-free maize for starch for industrial purposes.

Vauxhall offer to Euro MPs under fire

By John Griffiths

AN OFFER by Vauxhall to provide members of the European Parliament with Vauxhall or Opel cars at discounts of 18 per cent came under fire yesterday from Mrs Janey Buchan, Glasgow's Labour Euro-MP.

Mrs Buchan, a non-driver, has protested to Vauxhall that it is "feeding the delusions of grandeur" of Euro-MPs. "It leads them to believe this is the station in life for which God has chosen them—to be offered deals by car companies."

The Motor Agents' Association also criticised the offer, made in a letter from company headquarters at Luton. It said: "There is nothing more likely to damage Vauxhall's relations with its dealers."

Dealers were having a difficult time in a poor sales year, and it was counter-productive for Vauxhall to bypass them.

The offer quoted a price of £9,700 for the top-line Vauxhall Royale-Opel Monza models, which sell in Britain at a list price of £13,829.

Vauxhall said that the company gave discounts to diplomatic staff and similar figures to encourage sales. The discount being offered was not "widely outside those normally available to someone who is prepared to dig his heels in."

Shipway deal

THREE directors of Shipway Communications, Birmingham, the advertising, marketing and public relations agency, are buying the 55 per cent shareholding not already owned from Batten, Barton, Durstine and Osborne one of the world's largest advertising groups. Shipway's capitalised billing is forecast to exceed £3m this year. It employs 30 people.

Panel term ends

MR GRAHAM WALSH completes his two-year term as director general of the Take-over Panel next Tuesday and will return to Morgan Grenfell, the merchant bank, where he will be head of its Corporate Finance department. The Panel has not named a successor.

Co-op video

MORE THAN 200 co-operative society stores will be offering video cassette tapes for sale or rental in the autumn following an agreement between Thorn EMI and the Co-operative Wholesale Society, announced *yesterday. Among films* available are the Deerhunter, Convoy and One Flew over the Cuckoo's Nest.

Act 'safe'

THE GOVERNMENT is to retain the Policyholders Protection Act 1975, substantially in its present form, Mr Reginald Eyre, Parliamentary Under Secretary of State for Trade, said yesterday.

Tables turned

MARKS AND SPENCER is to *open an export office* in Hong Kong next month to help boost its rapidly-growing sales of textiles to the Far East. More than 90 per cent of M and S clothes are British-made.

Cycle changes

MOST OF the 5,000 workers employed by cycle-makers Raleigh of Nottingham have been put on a four-day week, after working only two or three days recently.

Britain's crude oil output reaches record level

BY MAURICE SAMUELSON

BRITAIN'S production of crude oil from February to April reached a record 2.1m tonnes—an 11.6 per cent rise on the same period last year, the Energy Department said yesterday.

But the depressed state of the economy was reflected in a fall in deliveries of refined products by 11.7 per cent to just under 17m tonnes.

The June issue of Energy Trends, the Department's statistical bulletin, showed that total inland energy consumption, on a primary fuel input basis, was the equivalent of 51.5m tonnes of oil, 5.7 per cent lower than in the same period of 1980.

Petrol consumption was 10.9 per cent lower and that of coal 6.5 per cent lower. Consumption of natural gas, however, rose by 1.0 per cent.

Total coal production, from March to May, at nearly 34.2m tonnes, was only 0.2 per cent lower than a year ago. But coal consumption, at just over 30m tonnes, fell by 1.5m tonnes, or 4.8 per cent.

Coal stocks rose by 1.1m tonnes to 40.4m tonnes—more than 10m tonnes above those at the end of May 1980. Coal exports rose by 1.4m tonnes to 2m tonnes in the same period.

Electricity supplies from February to April fell by 3.3 per cent below a year ago.

Fires in May cost £26.4m

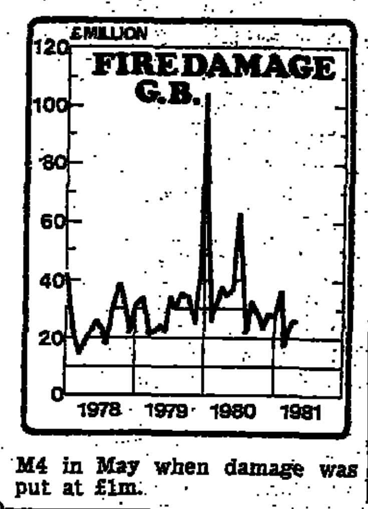
BY ERIC SHORT

FIRE DAMAGE costs rose marginally last month by £1m to £26.4m, nearly £8m lower than in May last year—according to figures issued by the British Insurance Association.

This brings the cost of fire *damage for the first five months* of this year to £134.7m—£100m below the corresponding figure last year of £234.9m.

The downward trend over the past nine months is put down to better fire precaution systems, better maintenance and the recession which has resulted in fewer fire risks.

So far this year there has been only one fire causing damage of £1m or more. That was at the Heston Service Station on the M4 in May when damage was put at £1m.



Coin St decision next week

Judgment will be given in the High Court on Wednesday on Greycoat Commercial Estates attempt to get the adjourned public inquiry into its plans to redevelop the Coin Street site *near Waterloo* resumed immediately.

Cancer studies

THE DUKE of Devonshire, chairman of the Cancer Research Campaign, yesterday gave a cheque for £850,000 to Lord Leverhulme, Chancellor of the University of Liverpool, to endow a chair of radiation oncology.

The professor of radiation oncology, yet to be appointed, will be associated with trials of neutron therapy and studies on the response of cancerous and healthy tissues to radiation.

R. A. Dyson

A report in yesterday's Financial Times said that trailer manufacturers RA Dyson of Liverpool, which went into liquidation last year and was taken over by the Ryland Vehicle Group, had ceased trading. In fact, last March Courtburn, the Bedford-based engineering concern, acquired Dyson's assets from receivers and RA Dyson (1981) is continuing trailer production. Its order book stands at £500,000.

ENTERTAINMENT GUIDE

THEATRES

WHITEHALL. Box Office tel 01-839 6975. 01-930 8012-7765. New Credit Card lines 01-930 6693-6694. Whitehall's latest farce ANYONE FOR DENIS? by JOHN WELLS. Directed by DICK CLEMENT. Mon.-Sat. Evgs. 8.15. Sat. Mat. 5.00.

WINDMILL. CC. 01-437 6312. Twice nightly Mon.-Sat. 7.0 and 9.0 pm. Sun. 6.0 and 8.0 pm. Paul Raymond presents RIP OFF! Hotter than ever for 1981. The erotic experience of the modern era. 5th great year.

WYNDHAM'S. S. 01-836 3028. Credit card bkgs 379 6565. Group 836 3962. Mon.-Fri. 8. Sat. 6 and 8.45. Belt and Braces in Dario Fo's ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC. 928 6363. Evgs 7.30. Fri. 8. Sat. 5 & 8. All seats £2.30. GODSPELL. From 15 July CHILDE BYRON.

CINEMAS

CLASSIC ENTERTAINMENT Teledata 01-200 0200

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: Walt Disney's FANTASIA (U). Progs. 2.00, 4.45, 7.35. 2: DEATH HUNT (X). Progs. 1.40 (not Sun.), 3.15, 5.45, 8.10. 3: SUPERMAN II (A) in Dolby Stereo. Progs. 2.00, 4.45, 7.30.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310. Opp. Tottenham Crt. Rd. Tube. Fully air-conditioned. 1: LAST FEELINGS (A). 1.45, 5.15, 8.55. LAST SNOWS OF SPRING (A). 3.25, 7.05. 2: FRIDAY THE 13th PART 2 (X). Progs 1.15, 3.30, 5.55, 8.20. 3: THE POSTMAN ALWAYS RINGS TWICE (X). Progs. 12.45, 3.10, 5.40, 8.10. 4: ORDINARY PEOPLE (AA). Progs. 12.50, 3.20, 5.50, 8.25. 5: AIRPLANE (A). Progs. 1.00, 3.00, 5.00, 7.00, 9.00.

CLASSIC, Leicester Square. 01-930 6915. Special Edition of FLESH GORDON (X). 2.45 (not Sun.), 5.45, 8.50. JUNGLE BURGER (X). 1.20 (not Sun.), 4.20, 7.20.

CURZON, Curzon Street, W1. 499 3737. Francis Truffaut's THE LAST METRO (A). Film at 12.15 (not Sun.), 3.00, 5.45, 8.30.

ODEON HAYMARKET (930 2738-2771). CHARIOTS OF FIRE (A). Sep. progs. Dly 2.25, 5.50, 8.55. Late Night Show Sat. 11.45.

ODEON LEICESTER SQUARE (930 6111). FOR YOUR EYES ONLY (A). Sep Progs Drs Open Dly 9.00 am (not Sun.), 12.15, 3.45, 7.30. Late Night Show Tues-Sat. Drs Open 11.15. Seats Bookable in Advance at Box Office or by Post.

CINEMAS

ODEON MARBLE ARCH W2 (723 2011-2). A STAR IS BORN (AA). Sep. Progs. Doors Open Daily 2.30, 7.00.

PRINCE CHARLES, Leic. Sq. 437 8181. British Premiere Presentation CALIGULA (X). Sep. Perfs. daily inc. Sun. 2.15, 5.30, 8.45. Late show Fri. & Sat. 11.55. Seats bookable. Licensed bar.

STUDIO 4, Oxford Circus. 437 3300. Lic'd Bar. SUPERMAN II (A). Progs. 12.25, 2.45, 5.30, 8.15. Late Show Fri. & Sat. 11.00.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W1. 629 6176. LIFE AND LANDSCAPE IN BRITAIN, 1670-1770. Until 31 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX & XX CENTURY WORKS OF ART. Mon.-Fri. 10-5, Sats. 10-1.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 01-235 0010. Exhibition —The Horse in Art of Arabia.

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. LESLIE HURRY, Artist of Dream and Theatre.

COLNAGHI, 14, Old Bond Street, W1. 01-491 7408. Exhibition: OBJECTS FOR A "WUNDERKAMMER." Mon.-Fri. 10-5.30.

COLNAGHI ORIENTAL, 14, Old Bond St., London, W1. 01-491 7408. GODS, GARDENS AND ELEPHANTS. Until 17 July. Mon.-Fri. 10-5.30.

DAVID CARRITT LTD. & RICHARD NATHANSON, 15, Duke Street, St. James's, SW1. ALFRED SISLEY. Until 11 July. Mon.-Sat. 10-5. 01-930 8733.

HEIM GALLERY, 59, Jermyn St., SW1. ART AS DECORATION. Mon.-Fri. 10-5.30.

WILDENSTEIN, Consulat — Empire — Restoration. Art in early XIX Century France. From 17th June through July. Weekdays 10-5.30. Saturdays 10-12.30. 147, New Bond Street, London, W1.

LUMLEY CAZALET, 24, Davies St., W1. 499 5058. Opens Today. LA BELLE EPOQUE—Etchings and Dry Points.

MALL GALLERIES, The Mall, SW1. Royal Society of British Artists 264th Exhibition. Daily inc. Suns. 10-5. Until 30 June. Adm. 50p.

MARLBOROUGH, 6, Albemarle St., W1. OSKAR KOKOSCHKA (1886-1980) Memorial Exhibition until 31 July. Mon.-Fri. 10-5.30. Sat. 10-12.30.

Tractor maker to cut 720 jobs

FINANCIAL TIMES REPORTER

INTERNATIONAL Harvester announced another 635 redundancies at its Doncaster plant yesterday. A further 85 jobs are to go at the London headquarters, which is being closed.

The redundancies are the result of the collapse of the European tractor market, which has reached the lowest level since the war.

International Harvester is one of Britain's leading tractor and agricultural machinery producers. Last year its British workforce of 6,103 was cut by 740 because of falling orders. Most of those redundancies were at Donctser, with 92 at the smaller Bradford plant, which makes small tractors.

The job cuts announced yesterday will not affect Bradford, where there are about 600 employees. The company hopes new working patterns at Bradford will encourage orders so the plant can maintain its competitiveness without needing to shed staff.

The company said yesterday that the key problem in Doncaster was the reduced level of demand world-wide for its products which has led to extensive short-time working. "The company does not see a sufficient recovery in markets to justify retention of these surplus employees which includes managers, staff and hourly employees," it said.

The British operation of the U.S.-owned multinational was made more difficult when the U.S. parent lost £200m in the first half of last year after a five-month strike and withdrew from the market one of its new construction machines which was made at Doncaster. Further cuts in the construction equipment section account for 74 of the redundancies announced yesterday.

The company plans to complete the closure of its London office by the end of September to improve efficiency and cut overheads. It hopes this will eliminate unnecessary duplication of functions and communication problems. The outstanding lease on the London property will be sold.

The London closure will create about 60 new jobs in Doncaster, half of which will be taken by people relocating. A total of 85 from London will be made redundant.

Mr Jon Young, employee relations director, said the Doncaster redundancies would come as a shock to employees and the local community, although the company had warned that more cuts would be needed when the last major redundancies were announced in February.

"The scale of the recession throughout the world is continuing at a level which is severely affecting the sale of our British built products. Very little improvement is expected in 1982," he said.

About 70 per cent of the output of the Doncaster and Bradford plants is exported, so that as well as problems of the recession and high interest rates, the company has suffered from the strength of sterling.

Repairs tussle over classic hall

BY MAURICE SAMUELSON

THE GOVERNMENT yesterday ordered immediate repairs on an historic Staffordshire building which Josiah Wedgwood, the owners, wants to demolish.

The building is Barlaston Hall, a fine 18th century country house designed by Sir Robert Taylor. It is a classic example of English Palladian architecture.

Wedgwood, which has owned the Hall and surrounding estate since the 1930s, says restoration could cost £1m and would be pointless. Although there will be a public hearing soon on the company's second application to demolish the Hall, Mr Michael Heseltine, Environment Secretary, yesterday ordered urgent work to prevent further deterioration.

Wedgwood expressed surprise at the Minister's move The building was in an area badly affected by mining subsidence and was riddled with dry rot, the company said.

Mr James Moffatt, company secretary, said restoration would be "pointless" as nobody had provided practical suggestions about its use if it was saved. Wedgwood has suggested the Government become "guardians" of the Hall and carry out the repairs, but this was rejected.

Conservationists, however, were enthusiastic about the proposal. Mr Marcus Binney, chairman of the Save Britain's Heritage organisation, said engineers had reported that the Hall could be stabilised against subsidence by building a concrete basement frame. Architects had said it could be converted into flats.

Mr Binney described Sir Robert Taylor, the builder's designed, as "perhaps the most original and distinguished of the second generation of English Palladian architects, who had modified the Italian characteristics of the first English Palladian buildings."

Mr Heseltine's emergency order was the first taken by an Environment Minister in the interest of conservation, using powers available under existing planning law.

Environment Department officials said efforts to preserve Barlaston Hall, dating from 1955, had failed—"largely due to lack of interest and co-operation from Josiah Wedgood."

A previous application to demolish the Hall in 1975 was refused consent but Wedgwood had refused a subsequent £100,000 offer of help. The Hall is unoccupied and most of the lead has been stripped from the roof.

Mining subsidence has caused the closure of the adjoining Barlaston Parish Church

More advice on insider dealing

By Christine Moir

DIRECTORS SHOULD be encouraged to hold shares in their companies, the Institute of Directors says in the preamble to its revised handbook on insider dealing*. But adds: "the cardinal principle for any such investment is that it should not be on a short term basis."

The Institute believes that if shares are held only as long term investments, directors run little risk of breaching the legislation contained in the Companies Act 1980 which makes it a criminal offence to deal or encourage dealing on the basis of confidential information.

Its booklet, published yesterday, analyses the legislation point by point. It offers advice to directors who need to sell shares for personal reasons—"be prepared to demonstrate" that you have "no practicable alternative source of finance."

It also advises on dealings with stockbrokers—"it is permissible, often beneficial, to expand upon known facts in order to explain properly the position of the company."

The booklet also reproduces the Stock Exchange's Model Code for dealing by directors and warns that the criminal sanctions of the Act are also supplemented by moral and economic sanctions such as directors' reputations in the stock market.

**Insider Dealing: Guidance for Members following the Companies Act 1980. Director Publications, 116, Pall Mall, London, SW1. Price £3.95.*

More UK news on Page 17

Drayton wins gains tax appeal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

DRAYTON COMMERCIAL Investment Company won its appeal yesterday against capital gains tax assessments on the resale of part of a portfolio of investments bought from Eagle Star Insurance Company.

The Court of Appeal was told that the consideration for the portfolio was £3.9m, to be satisfied by the allotment to Eagle Star of 2.4m ordinary shares at 25p in Drayton, then called Union Commercial Investment Company, credited as fully paid-up, the issue price 160p a share.

The price was agreed by reference to the middle-market values of the investments on the Stock Exchange.

Drayton subsequently sold part of the portfolio, and the appeal was concerned with the basis for computing any capital gain by Drayton.

The Inland Revenue contended that the consideration was to be taken as equal to the market value of the Drayton shares on the day they were first quoted after the allotment, 125p, giving a total of £3.07m.

Drayton contended that the consideration was the price at which the shares were issued. The difference between the contending bases for valuation was therefore about £800,000.

The tax commissioners upheld Drayton's contention and reduced tax assessments on the company for 1972 and 1973 from a total of £618,011 to £349,429. Their decision was reversed by the High Court, from whose ruling Drayton appealed.

Lord Justice Fox said that the consideration was the benefit of an agreement by Drayton to issue the shares and credit them as fully paid.

The appeal court could see no reason for putting on the consideration any value other than that which the parties, a leading insurance company and an investment-holding company, chose to put upon it, in "an arm's length and bona fide transaction."

In business terms that could not be regarded as an unsatisfactory conclusion. Commercial companies had agreed upon a sale and purchase of assets at a specified price, and there was nothing to suggest that it was not a wholly genuine transaction.

In the circumstances it seemed realistic that the agreed purchase price should be the value of the consideration and should provide the base value of the asset for capital gains tax purposes when the asset was subsequently disposed of.

Allowing Drayton's appeal, the court recognised that the case involved an important point of law and gave the Revenue leave to appeal to the House of Lords.

Fixed investment plunges to 2½-year low

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRY'S fixed capital investment has fallen to the lowest level for 2½ years, with a sharp drop in the iron and steel, paper and textiles sectors.

Revised figures for January to March 1981, published yesterday by the Department of Industry, show that fixed investment was slightly lower, and the rundown in stocks levels somewhat smaller, than estimated.

Capital expenditure by the manufacturing, distributive and service industries was £2.29bn in the first quarter—2½ per cent less than in the previous three months—compared with a previous estimate of £2.34bn.

Spending has reached the lowest level since the end of 1978. In manufacturing, the volume of investment in the six months to March was 13 per cent less than in the previous half-year.

On the same six-month comparison, the largest falls were in iron and steel (30 per cent), paper, printing and publishing, and textiles, leather and clothing (25 per cent), and food, drink and tobacco (20 per cent).

Most of the remaining sectors showed reductions of around 10 per cent, but the coal and petroleum industry reported an increase of about 12 per cent.

The fall in expenditure on vehicles (29 per cent) during the half-year was much greater than for either plant and machinery (12 per cent) or new building work (9 per cent).

Revised figures show that the physical level of stocks held by manufacturers, wholesalers and retailers fell by £476m between December and March. This compares with estimates of a drop of £503m and reflects a large fall in manufacturing industry's stocks, a small fall in wholesaling and an increase in retailers' stocks.

In manufacturing, stocks fell by about 3 per cent below their end-1980 levels. The highest rate of destocking (4½ per cent) was in the textile, leather and clothing sector where there have been falls in each of the last six quarters. The total drop since September, 1979, now amounts to £230m (at constant 1975 prices) and officials say there is no sign of a slowdown in the rate of destocking in this sector.

The heavy destocking in the chemicals sector in the second half of last year did not continue into the first quarter of 1981. The small reduction in total stocks reflects an increase of nearly £20m in stocks of materials and fuel, offset by a reduction of more than £20m in holdings of finished goods.

Retailers' stocks rose by £146m in the first quarter after virtually no change in the previous half-year. The rise brings retail stocks back to their level of a year earlier and will have contributed to a reduction in the level of stocks of finished goods held by manufacturing industry.

Tube strike threat before Royal Wedding

BY PHILIP BASSETT, LABOUR STAFF

LONDON TRANSPORT faces shutdown of its services from July 20, *threatening disruption* of the capital's traffic for the Royal Wedding Day.

The *moderate* National Union of Railwaymen yesterday gave notice of all-out action *in a dispute over pay*—and it sparked pointed political exchanges between the union and Mr Ken Livingstone, Left-wing leader of the Greater London Council.

The threat of a Tube strike was made on the eve of a meeting today of leaders of the three rail unions. They will be considering calls from the trains drivers' union Aslef for strike action on British Rail over cuts in services.

The NUR executive has instructed its 15,000 Tube members to strike in three weeks' time in protest at the London Transport Executive's 8 per cent pay offer.

The strike is timed to fall after the union's annual conference, which opens on Monday. The gap gives considerable time for a solution to be found to the dispute. In 1979, the union gave two weeks' strike notice, but this was lifted after an agreement to go to arbitration.

LTE said after hearing the NUR decision that the union had agreed to an arbitration tribunal this year on a lower offer of 7 per cent for BR employees.

Mr Sid Weighell, NUR general secretary, said the proposed strike would seriously disrupt London travel arrangements for the wedding of Prince Charles and Lady Diana Spencer on July 29.

The 8 per cent offer would mean an increase of about £5 a week on the lowest basic rate of £62.68. The union is demanding an increase in line with the rate of price inflation.

Transport union outflanks supporters of Tony Benn

BY NICK GARNETT, LABOUR STAFF

AN ATTEMPT by the Left — supporting Mr Tony Benn — to get the issue of Labour's deputy party leadership put to the vote at the Transport and General Workers Union *biennial conference* was outflanked yesterday.

The crucial 1.25m block vote of Britain's biggest union will now be left in the hands of its 45-man Labour party delegation.

This is widely expected to vote for Mr John Silkin in the first round. Before this, however, *the union* will carry out a consultation exercise and the executive will decide in September what recommendations to make to the delegation.

The standing orders committee ruled that amendments supporting Mr. Benn automatically fell when the original motions were either withdrawn or composited. They also ruled that emergency motions supporting Mr. Benn were out of order because they did not *constitute emergency motions.*

Left-wing delegates tried to move a reference back of standing orders. Mr. Stan Penderton, the conference chairman, ruled that the standing orders decision be accepted and this ruling was then challenged.

On a vote, however, only a few dozen of the 1,000 delegates voted against the ruling.

Senior union officials at the Brighton conference were delighted with the result and said the Left had missed their chance of securing a vote on the issue by failing to challenge standing orders rulings earlier in the week.

Mr. Alex Kitson, deputy general secretary, again indicated that in his private view Mr. Benn should not be *standing.*

A large number of delegates were clearly Benn supporters but this support did not seem overwhelming.

The conference pressed a motion urging the union to prepare and campaign for an early General Election.

It also asked for "tolerance and understanding" of the difficulties facing future Labour Governments "in pursuing long term economic and socialist policies with lasting benefits."

It also reaffirmed its policies of withdrawal from the Common Market and support for unilateral nuclear disarmament.

Jobs march planned for EEC summit

By Christian Tyler, Labour Editor

ABOUT 1,000 trade unionists from all over Western Europe are expected to attend a march and rally in Luxembourg on Monday as heads of EEC Governments assemble for a summit meeting.

The march is to draw attention to a programme of action drawn up by the European Trades Union Confederation to persuade Governments to encourage growth and cut into unemployment.

ETUC leaders will hold a public meeting with members of the European Parliament as part of the campaign to press their economic prescriptions on EEC Ministers.

The economic programme, details to be published the same day, owes much to work by the TUC. It believes that political recognition of the interdependence of public investment and private-sector recovery is gaining ground in the UK.

Lucas may be near 5% pay deal

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MILITANT UNION opposition to Lucas Industries' 5 per cent take-it-or-leave-it pay offer is crumbling. More than 2,600 Birmingham workers have overturned a union recommendation *for an all-out strike, in favour* of accepting the offer.

If Lucas, the automotive and aerospace components supplier, succeeds in imposing such a deal on the 59,000 workers, it *would give a strong lead to competitors.*

Lucas, with a wage review *date of July for most workers,* heads the motor industry pay round. Last year, the company *set the pace for future negotiations* by pushing through a 10 per cent deal—an offer regarded at the time as dangerously low because of worker unrest about the pace of inflation.

Opposition this year, as last, was expected from the 13,000 workers in the profitable aerospace division. They claim that productivity advances already made justify a wage increase at *least in line with the cost of* living.

Shop stewards representing *more than 2,600 workers at* Shaftmoor Lane and York Road, Birmingham called for a total stoppage from today—a move union officials believed would quickly disrupt all Lucas aerospace activities.

But demands for a mass meeting grew with the news that aerospace workers at the Hemel Hempstead plant had accepted the 5 per cent. The Birmingham workers consequently opted to fal in line and rejected militant action.

A meeting of shop stewards representing the 13,000 white-collar and manual workers has been *called for Monday to* review the position. But the divisions already exposed will make it difficult to sustain a credible campaign of opposition.

The apparent disarray of plants in the aerospace division will further undermine thoughts of opposition from the troubled motor components sector. Morale is already low among the automotive plants where Lucas is seeking a cut of 4,500 jobs.

Lucas Industries has stressed to the trade unions that it can afford no more than 5 per cent because of the downturn in world markets and the need to remain competitive. It insists that money cannot be diverted from research and development and new investment.

Ambulances to strike today

By Pauline Clark, Labour Staff

Widespread disruption of the country's ambulance services is expected today as ambulance workers embark on their second 24-hour stoppage in *protest at a 6 per cent limit* imposed on their wage bill increase. They are demanding a 15 *per* cent pay rise and emergency service status with police and firemen.

The London Ambulance Service was given 16 hours' notice of today's action despite an earlier threat that no prior warning would be given. Emergency cover will not be maintained in London *—contrary to the union's* general strategy.

The last London strike on June 15 was supported by about 90 per cent of ambulancemen. The number of emergency calls halved.

Extra cash for building men

By Nick Garnett, Labour Staff

CONSTRUCTION unions have secured several pay deals, including one for the Thames barrier site, above the industry's disputed national offer.

Negotiations are due to resume nationally next week and there has been some expectation that the national offer of 6.2 per cent will be raised.

Union officials said yesterday that the local deals would put added pressure on negotiators

● A special conference of Transport and General Workers' *Union refinery shop stewards* for all the oil companies is being convened to discus refining cuts.

Unions in ICL cash plea

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNIONS AT ICL, the UK's largest computer-manufacturer, seek a joint approach with the company to the Government for a much larger injection of cash into the company.

The Government has guaranteed a *£200m bank* loan over the next two years, a level of assistance which the *company's new management* has said is sufficient.

However, unions believe that it is not enough to secure ICL's future because of larger subsidies to computer and communications industries elsewhere *in the European* Community, and in Japan.

Mr Roy Sanderson, national engineering officer of the Electrical and Plumbing Trades Union, said yesterday that the union was "concerned with the way successive Governments have poured large amounts of money into declining no-hope *industries* while innovative high-technology sectors of industry have had to make do *with a pittance."*

The unions will hold further talks with ICL management on July 2 and press the case put at a union delegates' meeting earlier this week for all 5,200 redundancies sought

. They *will call a one-day* strike and a lobby of Parliament on July 8

Move against closed shops

By Our Labour Editor

FURTHER SUPPORT for new laws to give closed shop "victims" much higher cash compensation has come from a group of professional and management organisations.

The Managerial, Professional and Staff Liaison Group suggests that closed shops should be registered with the trade union Certification Officer. *who should be able* to review them at about five-year intervals.

Philip **Bassett** examines a report on Civil Service comparability

Parting shots from the Pay Board

THE GOVERNMENT'S inquiry into future pay determination in the Civil Service, which will be announced on Monday, may well have few pieces of evidence before it as awkward to handle *as the report of the Service's* Pay Research Unit Board, published today.

The significance of the board's final report — which goes considerably beyond its original terms of reference in its comments of Civil Service pay determination — is pointed up by the fact that yesterday the *Prime Minister received* the resignations of all the board's independent members.

The board was set up in May 1978 by the Labour Government to oversee the work of the Service's Pay Research Unit. Its role was to provide information on comparable pay outside the Civil Service to be used as a basis for negotiations on the annual pay deal.

The present Government's suspension last October of the pay agreement led to the 16-*week-old strike action.* Earlier this month the Government gave six months' formal notice of its complete withdrawal from the agreement.

The unit, which itself is to be run down, has stopped work on comparisons for the 1982 Civil Service pay deal, leaving the Board without a role.

However, like the Clegg Commission before it, the Board warns as its swansong that it, or something like it, will have to return: "We feel sure that whatever new system might be *established,* sooner or later a body like the unit would have to be re-created."

In apparent conflict with the *Government's dislike of* comparability as a system, the report also notes that *"comparability* based on jobs and responsibility should continue to be an important feature in any future arrangements for settling Civil Service pay."

Officials at the unit go further, claiming that no Government can ignore outside pay in settling salaries in the Civil Service. *Whether the body collecting* information is called the PRU or not, the need for facts on pay will demand it.

Some may even indicate that because of this the whole proposed inquiry may well be pointless—and that in the end, a return to something like the present system become inevitable.

But it is not just this apparent support for the line of the Council *of Civil Service Unions that* will make the report awkward to deal with. Such outright *opposition to some aspects of present* Government thinking, coupled in the report with an espousal *of other key elements,* such as letting market forces have greater effect, will also give *credence to the more politically-*unpalatable areas.

The report, for instance, adds to criticism of the uprating of comparability information, by applying the Retail Price Index to it just before *the service's* due settlement date of April 1. It agrees with the Common's all-*party Treasury and Civil Service* Committee that its work is far too restricted and secret.

It argues that the unit should be able to analyse and interpret the raw comparability data, rather than just leaving it to the negotiators from both sides.

It suggests that a lower cut-*off point—the rank of principal* rather than assistant secretary—be applied, because of the difficulty of taking into account above principal level such elements as company cars, and other fringe benefits.

The board believes an opportunity to create a credible and acceptable pay system for the *Civil Service was lost last year* —and implicitly, the blame is laid at the unions' door.

That was when the Government put forward proposals on pay—including linking pay and performance and bringing in regional pay to allow greater scope for market forces to act.

These proposals seem certain to be raised again when the Government gives evidence to the forthcoming pay inquiry. While *no firm shape has been given to* these ideas, behind the board's report lie ideas about a more *flexible approach to Civil* Service pay which may give indications of government thinking.

The PRU pay comparisons provide absolute data on outside pay levels. However, they take *no account of pay or prices* trends prevailing at the time of settlement.

A new system, therefore, might combine the two—so that if relevant indices at the time *of a settlement showed falling* pay levels they would have to be taken account of accordingly —but also vice versa.

Strict comparability in every year, therefore, might not be *maintained. But pay overall, in* a relatively short period of three to four years, still would be broadly in line with outside movements.

Such a system would meet the *criticism of some Ministers* that the present pay research system is too slow, and too unresponsive to prevailing economic conditions.

Similarly, rather more flexibility might be introduced into *the pay structure. If such a system* were applied, say, to principal grade—and if the very senior grades' pay was still covered by the Top Salaries' Review Body—the grades in between might have their pay determined by extrapolatim. That would give perhaps a broader differential spread than might otherwise have been achieved, which would satisfy those Civil Service unions *which argued the case of eroded* differentials.

Such ideas have been put to *Ministers for their consideration* on the problem of Civil Service pay.

While putting forward concrete and constructive proposals, the board's report seems something like a rearguard action from a body for which the Government clearly has little use for.

Some of the changes suggested would call further into question the independence of any body which might apply them. In December the unit was judged by the High Court to be "an arm of Government."

However, like the Clegg Commission's parting shot, the board provides considerable food for thought.

Report of the Civil Service Pay Research Unit Board and the Civil Service Pay Research Unit 1981. SO; £2.70.

Downey to become Comptroller

By Peter Riddell,

THE TRADITION of appointing a senior Treasury official as Comptroller and Auditor General — the watchdog and scrutineer of public spending—is being maintained, despite a search outside Whitehall for a suitable candidate.

Mr Gordon Downey, 53, a deputy secretary responsible for the industrial side of the Treasury, will take over on October 1 from Sir Douglas Henley who is retiring.

There has been a lively debate in the last couple of years between Whitehall and a number of senior MPs at Westminster about the standing and terms of reference of the Comptroller and Auditor General who runs the Exchequer and Audit Department.

His staff check the probity and accuracy of Government *financial accounts and more* significantly, enquire into the efficiency and cost effectiveness with which money is spent. His reports form the main raw material for the investigations of the prestigious all-party *Public Accounts Committee of* the Commons, at present chaired by Mr Joel Barnett, the former Labour Chief Secretary to the Treasury.

Reports from a number of comittees of MPs have urged that the Comptroller and Auditor General should be made fully responsible to Parliament. *This idea has* been resisted by the Treasury which in a Green Paper in March 1980 suggested that the C and AG should remain an office holder under the Crown

The Treasury said there would be consultations with the chairman of the Public Accounts Committee when the post had to be filled.

Labour details plan to quit EEC within 12 months of election

BY MARGARET VAN HATTEM, LOBBY STAFF

PLANS for a Labour Government to take Britain out of the EEC within 12 months of being elected were unveiled at Westminster yesterday.

In a discussion paper outlining the legal steps involved in withdrawal, the Labour Common Market Safeguards Committee claims that the 1972 European Communities Act could be repealed immediately, and that withdrawal from the Treaty of Accession could be negotiated, under international law, over 12 months.

Introducing the paper Mr Denzil Davies, Labour's spokesman on Europe, denounced the EEC Commission's 25-page plan for restructuring the Community budget and reforming the Common Agricultural Policy, *published on Wednesday,* as "mere tinkering."

The proposals were certain to be rejected by the other EEC countries. They would leave Britain even worse off. "We'd be paying £700m into the EEC budget in the first year, compared with *£500m this year."*

"The Commission is just tinkering and we've been down this *road too often* before to believe that anything is going to happen. The CAP is not going *to be radically reformed,* because there are too many interests vested in it."

Mr Davies said that the party felt no ill-will toward other EEC members, and emphasised the need to preserve friendly relations with them throughout the process of negotiating withdrawal.

The Safeguards Committee's paper has no official status, but is understood to be broadly similar to an "official" paper being drawn up for presentation to the party's October conference.

It starts by rejecting the case for another referendum, on the *grounds that EEC withdrawal* is an essential part of Labour's general economic strategy, opening the way for the interventionist and protectionist policies a Labour *Government* would implement.

Acceptance of the package as a whole at the next General Election would constitute sufficient mandate for EEC withdrawal.

On legal steps involved, it says immediate repeal of the European Communities Act would deny EEC law any legal effect in British courts, though a few "unwanted EEC rules" contained in other UK legislation would remain.

These steps would not affect British obligations under international law, which could be discarded under Article 56 of the Vienna Convention on the Law of Treaties.

This article, inserted at Britain's request, provides for withdrawal from international treaties so long as the with-*drawing* party gives not less than 12 months' notice of its intention.

New companies face ban on title words

BY OUR PARLIAMENTARY STAFF

A LIST of more than 100 sensitive words and names covering Royalty and various professions which new companies will be forbidden to use in their title without permission, was published by the Department of Trade.

The list will be included as an annex to the Companies' (No 2) Bill now being considered in a Commons committee which aims at virtually abolishing the pre-registration vetting of company names and provides for the closure of the Registry of Business Names.

The names and words published yesterday, which are similar to a list used in the past as a guide to pre-registration vetting, are divided into two sections.

First, a company would be unable to register with a name containing words such as Royal, Bank, Police, Chemist or Charity unless it obtained a letter of "non-objection" from the relevant Government department or professional body.

The second group involves the consent of the Secretary for Trade before a company could *register using words which* implied national or multinational pre-eminence, such as European, British or International.

Permission *would* also be needed for words which suggested a Government connection, patronage or sponsorship, business pre-eminence or representative status.

Companies would need the permission of the Secretary for Trade to use names that implied specific objects or functions such as *Stock* Exchange, Building Society, Trade Union, or Chamber of Commerce.

Elinor Goodman on the weighty deliberations behind net curtains

Croydon SDP debates by-election tactics

SOCIAL DEMOCRATS in Croydon will today, somewhat to the irritation of local Liberals and some of their own leaders in London, take another painstaking step down the road to *democracy. The local SDP* chairman is to ballot his 400 members on how they want to fight the by-election in Croydon north-west.

The SDP members, who only had their first meeting two weeks ago, are to be offered a range of options, both philosophical and practical.

At one end of the scale of Liberal/Social Democratic co-operation will be the idea of a *fully* fledged joint candidate fighting on a joint manifesto. At the other end will be the idea of the SDP and Liberals putting up separate candidates, and so flying straight in the face of the agreement negotiated in such a *highly civilised* manner between the leaders of the two parties earlier this month.

In between, will be the more likely option of the SDP supporting a Liberal candidate in the same way as local Liberals are supporting Mr Roy Jenkins in Warrington. Also on the ballot paper will be such issues as whether the new party should include respect for the individual among its list of priori-*ties.*

Since the local Liberals—who under the terms of the national agreement have first option on Croydon North-west—have already gone ahead and endorsed Mr Bill Pitt as their candidate, the *SDP* ballot may seem to be taking democracy to unnecessary lengths.

Mr Pitt, *who has fought—and,* as some SDP members like to point out, lost—three parliamentary elections at the European election in the area, is clearly impatient to get on with the job. But the candidacy is still not quite sewn up. Mrs Shirley Williams is sitting tantalisingly on the sidelines, while *as far as Mr Tyrrell Burgess,* the local SDP chairman is concerned, what is at stake is the "whole quality of the alliance."

Personally, he believes, co-operation is essential for the "credibility" of the alliance. But *some of the SDP members* locally, like Social Democrats elsewhere in the country, are *distinctly snooty about* the Liberals, claiming that they are identified with failure and pre-occupied with outdated ideas about elections.

On paper, Croydon Northwest might seem to be the kind of seat of which Liberal and Social Democratic dreams are made. Mr Robert Taylor, the Conservative MP who died last week, had a majority of only 3,769, which means that it is *vulnerable to an anti-Government* swing far smaller than that shown in most recent polls of opinion nationally. It is also in the South, where most of the spectacular Liberal by-election coups have taken place.

But the people who have inspected the constituency on behalf of all four of the political parties have agreed that it will be a very difficult one for the alliance to make an impact, and that only Shirey Williams would stand a real chance of winning it.

Interestingly, *both the Tories* and Labour acknowledge that she just might be able to pull *it off. Even she would have to* work very hard at a victory, however, judging by the response of shoppers in Norbury earlier this week. Only a handful seemed really enthusiastic about the idea of the Social Democrats.

Respectable rows of 1930s houses, fronted by roses, are the setting for discussions on co-operation between the Liberals and Social Democrats and on such issues as respect for the individual

Croydon Northwest is typical *of the many seats around the* country where the two major parties have squeezed the Liberals out, despite the energetic efforts of local Liberals to identify with the local community. The main parties have successfully argued that a vote for the Liberals would be a wasted one. For this *reason, the by-election will pro*vide a very good test of whether the new alliance will be able to break the two-party system.

At the last election, the Liberals got 10.5 per cent of the votes polled. Their *performance in the GLC election* earlier this year was not much better and only in February, *1974, did they manage to get* their share up to almost 23 per cent.

Mr Taylor, whose right-wing views seemed to appeal to local Tories, increased his share of the vote to just under half at the last election, but one of the features of the seat is the stability of the votes for the main parties.

Drive around Thornton Heath, Norbury and the other suburbs, which are sprawled together to make up the constituency, and you get some idea of the problems facing a third party. There are row after row of almost identical 1930s houses, where net curtains are the norm and most people seem more interested in being respectable than in bringing *about* radical change.

Most people seem proud of their houses and in nearly every *garden at the moment there* are roses blooming. There are none of the really lush houses found in neighbouring Croydon Central, or many of the really rundown areas found in Lambeth to the north of the constituency.

But nevertheless both parties can point to streets where their support is fairly solid. In the north of the constituency there are many tree-lined streets, where to vote anything but Conservative is the exception. The Tories also claim a fairly strong *—and generally Right-wing —* working class vote. But on the council estates, which are dotted *all over the constituency, and in* the rows of terraced houses — some still without bathrooms — there is a strong traditional Labour vote.

The constituency, which is bisected at one end by the usually traffic-jammed main London-Brighton road, is more like *an inner London seat than* a suburban one like Orpington.

There is also a large immigrant population. At the last census there were 5,000 new Commonwealth residents out of a total electorate of 55,000 This has caused some resentment among white residents and the National Front is active *in the area under various* guises. Mr Stanley Boden, the teacher who has fought the seat for Labour in the last three elections, says that race relations are not a real problem, despite the death this month of a white teenager, Terry May, after an attack by black youths.

Most people work outside the constituency. Many commute to London, while others work in the plexiglass office blocks of Croydon. There are very few factories and most manual workers are employed on the Purley *Way trading* estate.

The recession has hardly hit Croydon, but the signs are there. The local Croydon Chamber of Commerce was last week holding its fourth session on "coping with the recession." Members reported sluggish sales and said that they were not always replacing people *who left.*

Almost all noted the big increase in applicants for jobs. One car-hire *company, for* example, had avertised for a chauffeur and got over 50 applicants, including several redundant executives.

Unemployment is still below the national average but with 8,000 out of work in the borough, it has doubled over the last year and even comfortably off middle class families seem to know somebody who is out of work.

Outside some of the private employment agencies are signs saying: "No school leavers." And at the job centre people who have left jobs for no other reason than that they wanted a change are warned that they may have made a mistake. Some of the factories on Purley Way *have laid off workers and a few* of the big companies which came into Croydon as part of *the move out of London* are said to have stopped recruiting clerical staff.

The cutback in public spending has also affected Croydon, which prides itself on having some the lowest rates in the London area. Seven schools are due to be closed, despite *local protests, and the facilities* in some hospitals have been reduced. Council house tenants complain that repairs are not being done, and, despite the relatively low rate in the pound, ratepayers have had to face a 27 per cent increase in their bills.

Before the GLC election in *May, the* Tories carried out a rough poll of voters and found an almost total disinterest in the Social Democrats—*who,* to be fair, were not actually fielding any candidates. There was considerable concern about unemployment, followed by immigration, and, more obscurely, litter.

Both *the* Tories and Labour had expected Labour to win Croydon Northwest in the GLC elections. *In the event, the* Tories manged to get enough of their supporters out to hold it, despite a swing to Labour of 16 per cent, which was higher than for London as a whole.

In a traditional fight with Labour, *a* swing of this size would be more than enough to take the Westminster seat for Labour, which only needs a swing of 4.7 per cent. According to Mr Boden, who will now face competition for the seat from all the many Labour hopefuls who fail to get nominated at Warrington, Labour "ought to be able to eat the Tory majority." But he acknowledges that the swing against the Govern-*ment* has been far less in the South East than the North of London. Like the Tory agent, he *says that if* Mrs Williams did decide to stand, it could totally change the situation.

Whether or not Mrs Williams does stand in place of Mr Pitt, the new relationship between the *Liberals* and the Social Democrats should strengthen the third party vote. The odds must be heavily stacked against the Conservatives holding the seat. If they do lose, it will be the first by-election loss of the Parliament and will have a far greater impact on the Government than whatever happens at Warrington in July.

For, if the people of Croydon, who have escaped relatively lightly from the recession, turn against the Government, it will send a shiver down the spine of *all those* Tory MPs representing areas where the recession really has hit home.

Nott's statement prompts concern about job losses

BY IVOR OWEN

Nott: sailed through most of the exchanges without suffering damage

DEFENCE CUTS announced yesterday will mean some reduction in the operational readiness of the force of Royal Navy destroyers and frigates committed to Nato, Mr John Nott, Defence Secretary, admitted in the Commons yesterday.

Initial reaction by MPs to his announcement of the outcome of the latest and most radical of the defence reviews carried out in recent years produced more expressions of concern about the civilian job losses—running into several thousands—than anxiety about the strategic implications.

Mr Nott sailed through most of the exchanges without suffering any material damage, mainly because he was able to reassure Tory backbenchers with the fact that the cut in the Navy's surface fleet was nothing like as "catastrophic" as had been forecast by some newspaper reporters.

Even a salvo from **Dr John Gilbert** (Lab., Dudley East) a former Defence Minister, who accused Mr Nott of having sunk more of the Royal Navy's ships in one afternoon than any foreign admiral ever had, made little impact on his buoyancy.

Dr David Owen, MP for Devonport and Parliamentary leader of the Social Democrats and himself a former Navy Minister, provided Mr Nott with support on a scale which clearly angered some of his former political colleagues.

Unperturbed by heckling from his Labour critics, Dr Owen congratulated Mr Nott for at long last, after two years of "total unreality," grappling with the central need to control the defence budget.

Dealing with the expected broadside from **Mr Keith Speed** (C., Ashford), who was sacked from his post as Navy Minister when he made a pre-emptive strike in support of the surface fleet, Mr Nott said he had not sought to hide the reduction in overall readiness of the destroyers and frigates committed to Nato.

Angry protests by **Mrs Peggy Fenner**, (Con., Rochester and Chatham) and **Sir Frederick Burden**, (Con., Gillingham) about the closure of Chatham dockyard—7,000 people will lose their jobs—produced no more than a solemnly intoned intimation of regret from the Defence Secretary.

He justified the closure—and the rundown of Portsmouth dockyard, involving another 6,000 or 7,000 job losses—on the grounds that the expense of providing the infrastructure needed for regularly refitting and modernising frigates could not be justified when it would be more cost effective to build new ships.

Sir Frederick Burden—"this is the most distressing day I have had in 30 years in the House"—warned Mr Nott: "I believe there is a gut reaction among many people against the cuts you are making in the Royal Navy."

Mr Nott could only promise to do his best to hold the surface fleet commitment to Nato to about 50, but added ominously that it would obviously vary year by year.

Mr Brynmor John, Labour's Shadow Defence Minister, suggested that Mr Nott had hidden the full effect of the cuts he had announced behind a smokescreen of words.

He claimed that so far MPs had heard only the first instalment of the cutback in conventional forces, which the Government had to undertake in order to finance the acquisition of the Trident missile system.

Mr John, who reaffirmed that the next Labour Government would cancel "this piece of nuclear folly," also probed the implications of the reduction in the navy's surface fleet for the warship building yards.

He called for an assurance that it would not mean British Shipbuilders having to scrap their corporate plan.

Mr Nott reported that consultations were in progress with British Shipbuilders, and other ship-building concerns.

He indicated that it would be between a year and 18 months before it was possible to place the first order for the new class of anti-submarine frigate, which would be built with an eye to export orders as well as to meet the needs of the Royal Navy.

Mr Nott accepted that the warship building yards faced problems and he envisaged the emergence over the next few years of new advanced technology, which would have repercussions for the present labour intensive warship building capacity.

John: suggested that the full effects of the cuts had been hidden

Minister to honour 3% real growth in defence spending

MR JOHN NOTT, Defence Secretary, issued the following statement to the House of Commons yesterday.

"The Government has reviewed the defence programme; and a full account of our conclusions is contained in a White Paper which will be available shortly in the Vote Office.

"The Government intends to honour the Nato aim of 3 per cent real growth in defence expenditure and has, exceptionally, taken a firm decision now to plan to implement the increase until 1985-86, a full four years forward—and two years beyond the published plans for public spending generally. This may mean that defence absorbs an even greater share of our gross domestic product; and whilst it will be necessary to curb several of our forward plans and aspirations, the additional funding should enable us to enhance our front-line capability above its present level in very many areas.

"The House knows of our basic problems, which are not unique to Britain. We have a defence programme which is unbalanced and over-extended. Last year we suffered from severe cash problems, and similar difficulties are already emerging in the current year.

"We cannot go on like this. We have no choice, in the longer term, but to move towards a better balance between the various components of our effort—front-line numbers, quantity and quality in equipment, and military and civilian support. And we must determine this balance in terms of real defence capability, rather than as the outcome of a debilitating argument over each service's budgetary share.

"We have looked first at the defence of the UK itself especially in its role as a crucial reinforcement base for Nato. For some time we have felt the need to give greater emphasis to our reserve forces.

"For the Territorial Army, whose readiness and efficiency were vividly shown in Exercise Crusader, I intend a progressive increase in numbers of some 16,000 men and women and there will also be an increase in training days from 38 to 42 a year. We will order new minesweepers for the Royal Naval Reserve as soon as resources permit; and we will expand the use of Royal Air Force Regiment reserves in airfield protection.

Early warning system

"In UK air defence — a priority requirement — we will sustain all the programmes already in hand, including the Nimrod early warning system and the doubling of modern air-to-air missile stocks.

"As a new enhancement we will provide Sidewinder air-to-air missiles for a further 36 of our Hawk aircraft, making 72 Hawks in all available to supplement our fighter force; we will run on two Phantom squadrons instead of phasing them out as had earlier been planned when the air defence version of Tornado comes in; we will examine the possibility of switching 20 Tornados to the air defence rather than the strike version; and we will substantially increase the VC10 tanker fleet which multiplies our fighter force by prolonging patrol time and range.

"Around our coasts, we will increase our capability to counter enemy mining, and we have set aside funds for enhancing our defensive mining capacity, to help secure our ports and maritime routes.

"I turn next to our major land/air contribution on the Continent of Europe. BOAR's manpower, which is above our Brussels Treaty commitment of 55,000 men, will return to that level. But, we will retain in Germany our full present combat fighting strength of eight brigades and our responsibility for the forward defence of a vital 65 kilometres of the Central Front.

"We intend however to withdraw from Germany one divisional-Headquarters and other supporting staff with a consequent reduction in the number of locally employed civilians: and this, together with other necessary economies, will enable us to move over the next five years towards a slightly smaller Regular Army of 135,000 trained men, 7,000 less than at present, but partly balanced by the increase in the Territorial Army.

"Suggestions have been made, I know, that we should go for a much greater reduction in our troops in Germany. But quite apart from the fact that there is no one else to perform our task of defending 65 km of the Central Front, it would be much more expensive to bring them home, because we simply could not house or train them here without a massive new infrastructure programme. Only disbandment would relieve our budgetary pressures and we cannot prudently cut our army below a certain minimum level.

"But the small reduction in Regular Army manpower which I propose will help us to afford, as is our intention, the very wide range of re-equipment projects now envisaged for BAOR. The scale or timing of some of the projects will be modified, partly to restrain costs but mainly to provide for a further increase in war stocks and ammunition, to improve the combat endurance, the staying power, of 1st British Corps, which will be substantially enhanced. We plan for instance to increase further the buy of Milan anti-tank missiles.

Armoured regiments

"The Challenger tank will equip four armoured regiments. New night sights for missile systems and tanks will be introduced and improvements will be made both to the present Chieftains and in due course to Challenger. We will bring into service the 2nd Chinook helicopter squadron to enhance Army logistic support and mobility. We shall introduce the tracked version of the Rapier missile system and the TOW anti-tank missile launched from Lynx helicopters.

"I am glad to announce, subject to final negotiations, we should shortly be signing, in Washington, an agreement with the U.S. Government for the joint manufacture with the U.S. of the AV8B, the advanced Harrier. This has turned out to be an agile and effective aircraft, with a substantial weapon-carrying ability; and we plan to order 60 aircraft for close air support. Within the total Anglo-American programme of some 400 aircraft we are looking for a 40 per cent share for British Aerospace, and a 75 per cent share for Rolls-Royce on the engine. There should be something like a billion pounds' worth of work for British industry, the bulk of it for export to the U.S.

"I have decided that we cannot afford early replacement of the Jaguar, though possibilities remain open for new combat aircraft in the longer term, perhaps through international collaboration. On the other hand, we must exploit our investment in Tornado—some £10,000m at current prices. We will continue with the JP233 system for neutralising enemy airfields and we shall seek also to acquire new weapons to equip Tornado in an anti-armour role and for suppressing enemy air defences.

"At sea, the Royal Navy will continue with the key task of providing a strategic nuclear force by the modernisation of the Polaris force with the Trident system. We have maintained one Polaris boat on station continuously for the past 12 years. One Trident submarine, invulnerable to any pre-emptive strike, will carry up to 128 independently-targeted warheads which can hold at risk targets over a vast area of the Soviet Union. No enhancement of our conventional forces could possibly prove of equal deterrent value. In a world where nuclear weapons cannot be disinvented, it is the UK's surest way of preserving peace.

"But we must also keep strong the three conventional elements of power at sea. In maritime air, in addition to present plans, we will fit a further three Nimrods, making 34 in all, to the full Mark II equipment standards, which is as great a leap in technology over the Mark I as the Mark I was over the Shackleton.

Attack submarines

"Armed with our Sting Ray torpedo the Mark II will have great striking power against submarines. We will proceed with a new stand-off anti-ship missile to be delivered by Buccaneers — which we will keep on for this task — or by Tornado. Subject to the satisfactory completion of contract negotiations, we intend to acquire British Aerospace's Sea Eagle anti-ship missile.

"We will increase our fleet of nuclear-powered attack submarines, newly equipped with Sub-Harpoon—from the present 12 to 17; I have today confirmed the order with Vickers at Barrow at a cost of £177m for the next boat.

"We will also proceed as fast as possible with a new and more effective class to replace our present ageing diesel-powered submarines; these should also have a market overseas. We will acquire a new heavy-weight torpedo for all our boats, and are considering alternative British and American designs for this.

"Overall our maritime air and submarine capability will be much enhanced.

"As regards surface ships we will go ahead with all the very large orders—20 new warships, to a value, with their weapons, of about £2,000m—already in hand in British shipyards, and shall be placing an order for a further Type 22 anti-submarine frigate at a cost of £125m, which will sustain work at Yarrows on the Clyde. We are placing an order for five patrol craft with Hall Russell of Aberdeen for service in Hong Kong.

"But I believe we must make changes here in a number of ways.

Surface fleet

"Firstly, if we want to build a reasonable number of new ships in the future, we must devise much cheaper and simpler designs than the Type 22 frigate. We must accelerate urgently, and I have provided funds in the programme for this, a new type of anti-submarine frigate, the Type 23 built with an eye to export as well as Royal Navy needs, for we have not sold a major British warship of Royal Navy design for over a decade. I intend to pursue as well the possibility of still more cost-effective, smaller, ships than the Type 23.

"Secondly, we only maintain our surface fleet at its present full strength through a continuous programme of refits and major mid-life modernisations of older ships, requiring a huge and costly dockyard infrastructure. Typically it can now cost up to £70m to modernise an old Leander frigate which is actually more than our target cost for the new Type 23.

"If we are to be able to build new ships in our shipyards and fulfil other priority defence tasks, we simply cannot afford to sustain such a policy of refit and modernisation—or for that matter maritime air defence at the present level, where the planned forward investment in major equipment for the air defence of warships at sea has been about double that for the air defence of the UK itself.

"It is for reasons like these that whilst we shall complete the new carrier Ark Royal, we intend to keep in service in the longer term only two of the ships of this class, with their heavy demands on supporting anti-submarine air defence escorts. The older carrier Hermes will be phased out as soon as the second of the new carriers is in operation.

"Overall we will try and hold the destroyer and frigate force declared to Nato at around 50 ships compared to 59 ships at present. This will be achieved by disposing early of older and more manpower-intensive ships, for example from the County, Rothesay and Leander classes, and timing their withdrawal so far as possible to avoid major refit or modernisation.

"We shall place some of these ships, without further modernisation, in the Standby squadron where they will still be available, though at longer notice, as part of our force declaration to Nato. There will be a consequential reduction of Royal Fleet Auxiliaries.

"On present estimates the reduction in target numbers of the Royal Navy will be between 8,000 and 10,000 men by the end of 1986, rather more than the reductions of 7,000 in the Army. We will maintain the three Royal Marine Commandos since we place great value on their unique capability; but we will dispose of the two specialist amphibious ships rather earlier than planned.

Task groups

"In consultation with the U.S. Secretary for Defense about these changes, I have indicated our wish to play an enhanced role alongside our allies, outside the boundaries of the Nato area. We envisage resuming the deployment of Naval task groups—centred sometimes around a carrier, sometimes around destroyers or frigates—for substantial periods on visits and exercises out of area.

"We have made specific provision in our programme for the extra costs of such deployment. We are continuing with our plans designating an Army field command to plan out of area contingency tasks; for providing an extra stockpile of equipment and giving our Hercules aircraft the equipment needed for a co-ordinated assault by parachute troops.

"As regards support, the change in policy on refits which I have described earlier will mean that we cannot justify keeping a dockyard organisation of its present size.

"I regret to inform the House that the base and dockyard in Chatham will have to close in 1984; work at Portsmouth Dockyard will contract very severely, though the Naval base will be retained; and consideration will be given to alternative ways of fulfilling the Government's obligation to support the economy of Gibraltar if it is decided that the Dockyard work there cannot be kept up indefinitely. We shall consult closely with the Gibraltar Government about how best to deal with the situation.

"Much more naval training will take place at sea, and there will be a reduction in shore-based naval establishments, stores and fuel depots. Overall civilian numbers in the Ministry of Defence will fall between 15,000 and 20,000 as a result of all our measures. Our total workforce will in due course be significantly below 200,000. Redundancies will, I am afraid, be inescapable.

"Mr. Speaker I have described to the House the main thrust of what we propose—and the substantial enhancement of our frontline capability in very many areas, but with a major reduction in the supporting infrastructure of defence.

"I am asking the Leader of the House to find time, as soon as possible, for a debate on all these issues. At that time I shall be able to explain more fully the background to these proposals. In conclusion, the Government has in accordance with its undertakings to the country, decided to provide the increased resources our defence demands by increasing spending by 3 per cent in real terms for the next four years: and we have decided also to apply the extra funding in a revised programme which will enhance the combat endurance and the hitting power of our frontline forces in the decade to come.

Defence White Paper outlines Government programme

IN A White Paper published yesterday the Government details the plans outlined by Mr Nott in his statement. It says:

The first duty of any British Government is to safeguard our people in peace and freedom. In today's world that cannot be done without a major defence effort. The international scene is in several areas unsettled and even turbulent. Soviet military power, already massive, continues to grow in size, quality and reach, and the Soviet leaders continue to demonstrate their readiness to use it brutally.

The North Atlantic Alliance remains vital to us, and neither its strength nor its cohesion can be maintained without our crucial contribution. This is at the top of the Government's priorities.

Our policy is translated into practice initially through decisions on resources. Britain already spends 5.2 per cent of its gross domestic product on defence—one of the highest figures anywhere in the Alliance, even though we are not among the wealthiest members and continue to face sharp economic difficulties.

The Government attaches such importance to its security responsibilities within the Alliance that defence expenditure is already 8 per cent higher in real terms than three years ago. It was announced in March, and has recently been re-affirmed, that the defence budget for the next two years (1982-83 and 1983-84) will reflect further annual growth at 3 per cent, in full implementation of the Nato aim.

The Government has now firmly decided to plan to implement the aim in full for a further two years—1984-85 and 1985-86—and the programme will be shaped accordingly. This may well mean that defence will absorb a still higher share of our gross domestic product.

Defence, like other programmes, will now be managed in cash terms: the intention will be provision for 1985-86 21 per cent higher, in real terms, than actual expenditure in 1978-79. In a setting of economic difficulty, and given the Government's determination to hold down total public expenditure, there could be no clearer or more concrete demonstration of resolve to maintain our vital priorities and our Alliance contribution.

The Need for Change

The Government appraisal of the defence programme therefore in no way rests on a desire to cut our defence effort. On the contrary, it reflects a firm resolve to establish how best to exploit a substantial increase, which will enable us to enhance our front-line capability in very many areas.

Defence spending in the scale we have decided is a heavy burden on the British people, but one which in our judgment they are prepared to bear. It is then however all the more incumbent upon the Government to ensure that resources are spent to the very best effect in terms of security.

It has become clear that meeting this responsibility in the future calls for change in the defence programme. There are two main reasons for this.

First, even the increased resources we plan to allocate cannot adequately fund all the force structures and all the plans for their improvement we now have. One reason (not peculiar to Britain) is cost growth, especially in equipment. Our forces need to be equipped, operated, trained and sustained to the standards imposed by the mounting Soviet effort and the increasing sophistication of weapons.

Our current force structure is however too large for us to meet this need within any resource allocation which our people can reasonably be asked to afford.

The effects—at a time moreover when economic recession led to intensified activity in industry on defence work and so caused extra difficulties in managing the defence programme—were seen in 1980-81, when harsh measures to cut back activity and stop placing orders on industry still could not prevent a substantial overspend; and similar problems, which will call for urgent corrective action, are already emerging for 1981-82.

Britain's Defence Roles

We have now four main roles: an indepndent element of strategic and theatre nuclear forces committed to the Alliance, the direct defence of the United Kingdom homeland, a major land and air contribution on the European mainland, and a major maritime effort in the Eastern Atlantic and Channel.

We also commit home-based forces to the Alliance for specialist reinforcement contingencies, particularly on Nato's European flanks.

Finally, we exploit the flexibility of our forces beyond the Nato area so far as our resources permit, to meet both specific British responsibilities and the growing importance to the West of supporting our friends and contributing to world stability more widely.

There can be no question of abandoning our contribution in any of these roles, especially in face of a growing threat. The issue is not whether to undertake them in the future, but how best to do so from our growing resource allocation.

Within this key objective, the review has taken nothing as exempt or sacrosanct. The rest of this White Paper sets out the Goverment's broad conclusions.

The second reason for change, partly related to the first, concerns balance within the programme. Technological advance is sharply changing the defence environment. The fast-growing power of modern weapons to find targets accurately and hit them hard at long ranges is increasing the vulnerability of major platforms such as aircraft and surface ships.

To meet this, and indeed to exploit it, the balance of our investment between platforms and weapons needs to be altered so as to maximise real combat capability.

We need to set, for the long term, a new force structure which will reflect in up-to-date terms the most cost-effective ways of serving the key purposes of our defence effort.

The best way of enhancing the deterrent effect of our armed forces, for example in raising the nuclear threshold, is to give more resources to their hitting power and staying power in combat. This means that the structure we set must be one which we can afford to sustain with modern weapons and equipment, and with proper war stocks.

This is less glamorous than maximising the number of large and costly platforms in our armoury, but it is far the better way of sperding money for real security value. Moving in this direction will mean substantial and uncomfortable change in some fields.

But the alternative, of keeping rigidly to past patterns, would be a recipe for over-stretch, inadequacy and waste—it would leave us the certainty of attempting too much and achieving too little.

We cannot go on as we are. The Government has therefore taken a fresh and radical look at the defence programme. We have done this in terms of real defence output—the roles our forces undertake and how they should in future be carried out—and not in terms of organisation. It is increasingly essential that we tackle the business of defence this way, and manage it in terms of total capability rather than Service shares.

Then the paper goes on to look at Britain's role beyond the Nato area. It says:

As the Alliance collectively has acknowledged, changes in many areas of the world, together with growing Soviet military reach and readiness to exploit it directly or indirectly, make it increasingly necessary for Nato members to look to Western security concerns over a wider field than before, and not to assume that these concerns can be limited by the boundaries of the Treaty area. Britain's own needs, outlook and interests give her a special role and a special duty in efforts of this kind.

Military effort cannot be the sole instrument, but it has inevitably a part to play. The Government intends to sustain and where appropriate expand our activities by way of military assistance, advice, training, loan of personnel and provision of equipment to friendly countries whose security benefits from our help.

But help in these ways needs increasingly to be backed by the ability of our own forces to act directly if our friends need us. Many elements of our Services have basic characteristics of flexibility and mobility which make them well suited for this without need for much extra expense or expansion.

The Government intends to exploit them more fully, and to make plans and provision accordingly.

The Royal Navy has a particularly valuable role. For example, since the conflict broke out last year between Iran and Iraq a maritime presence has been maintained continuously in the Indian Ocean, with warships on rotation supported by fleet auxiliaries. We intend to resume from 1982 onwards the practice of sending a substantial naval task group on long detachment for visits and exercises in the South Atlantic, Caribbean, Indian Ocean or further east.

We intend to make particular use of the new carriers, with Sea Harriers and helicopters, in out-of-area deployment. We will co-ordinate all these deployments and exercises as fruitfully as possible with the United States and other allies, as well as with local countries with whom we have close defence relations.

Measures will also be taken to enhance the out-of-area flexibility of our ground forces. We will implement plans for a modest extra stockpile of basic Army equipment held ready to support contingency deployments and exercises, and for the designation of Headquarters Eighth Field Force to plan and command any operations of this kind.

Measures to increase the airlift capability of our Hercules force by fuselage-lengthening are already far advanced, and we have decided to increase its flexibility by fitting station-keeping radar equipment which will enable the aircraft to carry out the co-ordinated drop of a parachute assault force, even in poor weather. We now maintain two battalions fully trained for this role.

Our forces will also continue as necessary to sustain specific British responsibilities overseas, for example in Gibraltar, Cyprus, Belize and the Falkland Islands. The Hong Kong garrison will be expanded by one infantry battalion in accordance with our agreement with the Hong Kong Government.

Service Manpower

The men and women in the Services are themselves a defence resource of central importance: without them, everything else is wasted. We must recruit and retain the volunteers we need. This requires continuing commitment on the Government's part, and our decisions on Service pay have demonstrated that commitment in the most practical way. It also requires clear evidence of important and satisfying work properly supported, and the new directions of the defence programme are designed to ensure this.

If these objectives are to be achieved some reduction is necessary in manpower targets, reflecting changes in the front line. Royal Navy numbers required will be reduced by between about 8,000 to 10,000 by 1986, partly through the surface fleet contraction and partly through cutting out posts and establishments ashore and undertaking more training afloat.

Over the same period Army numbers will be reduced by up to about 7,000 and Royal Air Force numbers by about 2,500. All these reductions will be made so far as possible through natural wastage and careful control of recruitment rates.

The United Kingdom Defence Programme: The Way Forward. HM Stationery Office £1.70.

Failure to examine implications of Trident criticised

By Bridget Bloom

CONSERVATIVE and Labour members of the House of Commons defence committee yesterday criticised the Government for its failure to examine the implications on the rest of the defence budget of its decision to buy the Trident missile system from the United States.

The criticism comes in the select committee's report on Britain's Strategic Nuclear Weapons Policy which shows that on the basic question of the suitability of Trident to replace the Polaris nuclear deterrent the Conservative and Labour groups are, as predicted, diametrically opposed. The four Labour members of the committee make it clear that they do not challenge the principle of Britain's independent nuclear deterrent but they firmly oppose the Trident decision.

In a 28 page minority report they recommend that the Government study cheaper options, such as putting existing Polaris missiles into new submarines.

In a much shorter report, the majority Conservative group endorses the Trident as "the most appropriate choice to succeed Polaris." But the Conservative members' support for the Government's decision is tempered by criticism in several key areas.

Both groups regret the failure of the Ministry of Defence to spell out the "opportunity costs" of Trident. "We have found it very difficult to assess what effect the Trident decision will have on the rest of the defence budget because the Ministry of Defence has not been prepared to take the committee fully into its confidence," the Tory report notes.

Concern

Both Conservative and Labour groups express concern that the decision to build four Trident submarines will mean that the existing programme for nuclear powered submarines—SSN's—will have to be severely cut back, since Vickers, at Barrow, is currently the only nuclear-capable shipyard.

The Labour minority report members, who have based their opposition to Trident primarily on the opportunity cost question, maintain that modernisation programme for the air-force will also suffer. "The penalties for the rest of the defence budget are simply unacceptable," Dr John Gilbert, leader of the Labour group, told a press conference held to launch the minority report yesterday.

Both the Tory and Labour reports also highlight the uncertainties still surrounding key aspects of the Trident project. In view of this uncertainty, the Labour members overtly and the Tory members implictly accept that £6bn (at mid 1980 prices) is probably a more realistic estimate than the £4.5bn-£5 bn which Mr Francis Pym, then Defence Secretary, gave the House of Commons a year ago as the cost of Trident over 15 years.

In evidence given on March 4 but published yesterday for the first time, Mr Nott himself told the committee that, depending on which of several options was chosen, Trident could cost up to £1bn more than the estimate of £5bn.

However, the Tory report notes: "*The variables in the cost of the programme (the size and type of the missile, the number of missiles per boat, the size and design of the boat, the propulsion plant and the tactical weapons fit) seems to amount to more than the £1,000m given by the Secretary of State.*"

Evidence

Proceedings of the last two of the committee's 14 sessions on the Trident, published for the first time yesterday, provide more evidence on the choices before the Government, which centre on the nature of the missiles to be bought from the U.S.

The original plan was to adopt the Trident 1 or C4 missile. This would fit into submarines only marginally larger than the present Polaris boats of some 9,000 tonnes. However, the U.S. may phase out the current C4 in favour of a larger C4 or a new missile, the D5, both of which would need submarines of between 12-15,000 tonnes.

The Labour members reject outright the suggestion that Britain should go for the D5.

However, the Conservative report also hinted at some doubts, noting that "the target coverage achieved by Trident's multiple warheads may go beyond what is strictly necessary for Britain's deterrent purposes."

The possibility that Trident will be cancelled by a future Labour government is mentioned in both reports and in evidence to the committee. Mr Nott told the committee that "several hundred pounds" would have been committed by 1983-84 (when the next election is due). According to a senior official of the Ministry of Defence there is no penalty for cancellation in the sales agreement with the U.S. Government.

Fourth Report from the Defence Committee. Strategic Nuclear Weapons Policy. House of Commons Paper 36. HMSO £10.60.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Worker co-operatives: the search for a raison d'être

WORKERS' co-operatives are coming back into fashion in Britain, for the second time in a decade. Otherwise, they have been largely ignored for most of this century because they do not fit into the adversary traditions of the UK's political and industrial life. But the pressures of the recession, together with changing social attitudes, are reawakening interest in this alternative form of industrial organisation.

In the mid-1970s, interest was first revived with the lame-duck co-ops of Meriden, KME and the Scottish Daily News which were rescued with the help of Tony Benn, then Labour Industry Secretary. All apart from Meriden, have since closed.

Around the same time, the success of a community of co-ops at Mondragon in the Basque area of Spain excited considerable interest in Britain, particularly among people outside the Labour Movement who saw co-ops as a means of curbing industrial conflict and increasing the entrepreneurial endeavour of the individual.

Now the recession has brought two further distinctive developments. First the Manpower Services Commission's various job creation programmes have helped a considerable number of very small workshops and other enterprises to start up. There has also been a surge of support from various local councils, mainly Labour controlled, and there have been some cases of unemployed workers using redundancy pay to start new businesses.

Secondly, there is the craze for management buy-outs. These usually involve a large company selling a subsidiary to senior executives who run it on their own. Such developments do not fit in with the collectivist notions of the Labour Movement. But they can involve a degree of employee ownership and participation, and can certainly be regarded as a step towards a form of co-operative. The proposals announced last week for management and other employees to take over the State-owned National Freight Company are probably the most dramatic example of this to emerge so far.

At the same time the Department of Industry this week announced that it is to give the State-backed Co-operative Development Agency its second tranche of funds since it was set up in 1978, and is asking it to concentrate on helping worker co-operatives in partnership with small business agencies.

Three books have recently been published which throw light on these developments, and illustrate the many political and practical pitfalls that face a would-be co-operative.

Dreams

A general survey of co-ops in Britain and abroad has been produced by Jenny Thornley in her book which is aptly subtitled "jobs and dreams." The main lesson is that in the UK few co-op jobs survive as the dreams fade. But the book gives a useful survey of co-ops in other countries, particularly France and Italy, pointing out how they flourish in conditions different from those in the UK.

The recent surge of interest in job creation co-ops in the UK is also explored, along with the myriad of agencies that have been founded by local councils and other organisations.

Different people are motivated by co-ops for different reasons. In some cases, as the book says, co-ops can be regarded as "commercial enterprises" which "do not attack the class nature of society." They can therefore be regarded as "an alternative form of company which should be supported."

That was the attraction of the Spanish Mondragon co-ops to a study team funded by the Anglo-German Foundation for the Study of Industrial Society in 1978. Its report drew support from the Liberal Party in particular, and also helped to generate wide-ranging interest in the subject.

The report saw co-ops as a middle way between outright capitalism and socialism, preferring the notion of workers holding individual stakes in their co-ops to the collective ownership demanded by the Labour Movement's co-op supporters.

The authors cited Mondragon as an example of how a community of co-ops, including a bank, could thrive in a capitalist society. Now however another study prepared within the British Co-operative movement, has challenged that view.

The study was published after a visit to Mondragon by a group from the Royal Arsenal Co-operative Society and has recently been reprinted. It stresses that the Mondragon co-ops grew up when Spanish trade unions were outlawed, that the success of the bank depended on strong local loyalties, and that above all the whole basis for the community of co-ops depended on support for the Basque nationalist movement.

So the relevance of Mondragon for the UK must be tempered: first, by the fact that there have not been any strong trade unions and that the Spanish workers saw the co-ops as an alternative outlet. Spanish unions were legalised in 1977 and are now building up their influence, so it remains to be seen how they try to influence events.

Secondly there was the strong separatist influence that inspired the interest among both managers and other workers in building up a regional industrial centre of a different type from the rest of Spain. (It is this aspect that has led Welsh trade unions to study the Mondragon experience).

Anarchic

The Royal Arsenal report concludes that the considerable commercial and employment gains made by Mondragon "are ephemeral whilst they are at the mercy of an anarchic profit-seeking economy." It thus sharply forces any starry-eyed idealist to face up to the realities of Britain's politically-based adversary traditions.

Such stark reality also comes through in the third book, a study of workers' sit-ins and co-ops which has been produced by Ken Coates from the Nottingham base of the Institute for Workers Control. Not only does the author see developments solely in terms of the class struggle, but the opposition from all quarters of the establishment which he recounts underlines how deeply the struggle is imbedded in Britain not only among those who are fighting constantly for change but among those who will resist change at all costs.

So the future of co-ops in Britain is uncertain. The most successful may well be enterprises such as management buy-outs which offer only a little worker influence, and so do not challenge the foundations of industrial ownership and management.

The least successful seem to be those founded out of failure, like the Benn enterprises. There must also be considerable scepticism about job-creation co-ops formed by the Manpower Services Commission, which often involve people who have no ideological commitment to co-operatives nor any real interest in being partners in founding a new business.

There is also the problem that there are quite bitter debates over the purpose of co-ops and about how commercially-oriented they should be allowed to become. The enthusiasm of people such as community workers (or as Jenny Thornley puts it middle class political drop-outs) is regrettably no substitute for sound management and constructive worker participation. It is certainly not an effective challenge to Britain's unenthusiastic trade unions and polarised industrial life. Nevertheless, co-ops undoubtedly can play a role and the problems encountered so far should not be regarded as insurmountable.

Workers' Co-operatives — Jobs and Dreams. By Jenny Thornley Heinemann Educational Books. *Price £14.50.*

Mondragon — The Basque Co-operatives. A report by the Royal Arsenal Co-operative Society. Price 55p.

Work-ins. Sit-ins and Industrial Democracy. By Ken Coates. *Spokesman. Price £2.95 paperback, £10 hardback.*

John Elliott

How Hotpoint burnt its fingers over communications

JUST BECAUSE a company's employee communications system is acknowledged to be one of the most effective around, it does not mean that it will weather all storms.

For one major British company with a relatively advanced communications policy, a dispute over a seemingly unimportant issue — a smoking ban — almost led to the collapse of many carefully constructed procedures. As a result the policy has had to be redefined.

The company in question is Hotpoint, the domestic appliance subsidiary of GEC.

Hotpoint's management style has been very strongly influenced by Chaim Schreiber, the company's chairman and managing director, who has run the company since the mid-1970s, in addition to his furniture company.

He is a charismatic figure with an infectious enthusiasm for talking about his communications style, which is based on close mutual trust between his managers and workforce.

A key element in his approach has been monthly discussion and briefing meetings between trade union representatives and senior management at Hotpoint's two main plants in Llandudno and Peterborough.

Since the dispute, which occurred last September, this has been supplemented by a second tier, which consists of groups of foremen and shop floor workers. A company statement is read out in the 10-minute meeting which outlines the company's present position and focuses on issues that have been raised since the last meeting.

Sharp shock

Last autumn a smoking ban was imposed at the Hotpoint plant in Peterborough as part of a company package to boost productivity by 30 per cent and cut some fringe benefits.

Local management said the no smoking rule was needed because smoking interfered with new production processes. Management also believed that the various measures were needed as "a short sharp shock" to make the workforce aware of the tough market conditions Hotpoint faced.

At the time of the measures, Hotpoint was working a three-day week. The depressing effect of the recession on purchasing power and tough foreign competition meant that the Peterborough factory faced a shortage of orders and financial pressure from GEC, whose philosophy is that individual subsidiaries should pay their own way.

For several days it appeared that Hotpoint's seven-year success in industrial relations would itself go up in smoke as a result of the ban.

June Turner, the General and Municipal Workers' Union convenor at the Peterborough plant, recalls the considerable resentment which the whole issue caused. "The smoking thing made us go up in the air. The proper channels were ignored."

All the unions at Hotpoint—the GMWU, the Amalgamated Union of Engineering Workers, the Association of Scientific Technical and Managerial Staffs, the Transport and General Workers' Union and the Electrical and Plumbing Trades Union—were annoyed at the lack of consultation. As they saw it, it threw into relief some of the strains in the system which had resulted from the recession and consequent redundancies and short-time working.

All these pressures were exacerbated by the fact that Hotpoint's communications policy is one of the most publicised in Britain. The basics of the scheme—abolition of piece work, profit-sharing and the end of management perks—has been well documented in the Press, highlighted in a National Economic Development Office booklet on the electrical engineering industry—and expanded at a conference attended by the Duke of Edinburgh and the Archbishop of Canterbury. It has been generally viewed as one of the most hopeful developments in industry.

Directive

After much talking on both sides, the heat was taken out of the dispute when the management backed down and removed the ban.

Schreiber now claims the local management misunderstood and over-interpreted his directive on no smoking. The main thrust of the package of which it formed part was to boost productivity—and here his past record is particularly impressive. During the seven years he has run Hotpoint, productivity has gone up sharply, with the value added by each employee rising from between £7,500 to £8,000 in 1974 to between £12,000 and £13,000 in 1976 and £24,000 in 1980.

This has occurred against a background of poor order books and short-time working in the white goods industry in recent years.

As for the record since last summer, Peterborough's volume output per employee has risen by 11 per cent, almost as much as the 15 per cent in the years between 1975 and 1980.

Since last autumn, external factors have also improved. All three Hotpoint factories at Peterborough, Llandudno and Swinton have returned to full time working, although Swinton —which produces small domestic appliances—has drastically slimmed its work force from 1,000 to 360.

The September measures appear to have had a lasting effect on attitudes within the company. Dick Newson, the ASTMS convenor at Peterborough, acknowledges that the company is struggling for survival and that the main priority is to protect jobs.

The fact that the company is a relatively good payer in a relatively depressed area has put more pressure on the unions to accept the drive for increased productivity.

A key factor in the success of Schreiber's communications policy is that management has been stabilised in the seven years since he has been running Hotpoint. Before his regime there had been nine managing directors in as many years, and middle management stayed for equally short periods.

Feed-back

Schreiber himself is still convinced that his approach to industrial relations works. He has managed to slim down the workforce dramatically, boost productivity and cut a range of fringe benefits—and still retain the firm backing of the unions.

Beneath him, Hotpoint management remains convinced that with fine tuning its communications programme can survive the buffeting of the recession. The lessons it learnt from last September were that communications had to be aimed at small groups if the message was to get home, and that there was a constant need for feed-back from both sides.

Gareth Griffiths

Roger Taylor

Chaim Schreiber: a charismatic figure with an infectious enthusiasm for communication based on mutual trust

TECHNOLOGY

EDITED BY ALAN CANE

Marconi hops, pings and hopes for sales

INCREASINGLY, THE design, manufacture and marketing of military electronics systems is being carried on without the direct financial backing of governments, with a view to unrestricted sales (where feasible) to foreign armed forces and agencies.

Two such contributions to potential exports from the U.K. have just been formally announced by Marconi Space and Defence Systems, part of the GEC.

The first is an active sonar system designed to make it difficult for submarines or frogmen to approach a harbour or any other sensitive marine area.

Placed in the water, it looks all round itself in a 360 degree arc but without the uncertainties of the rotating radial line of the more conventional kind of "radar" display. Instead, about 100 individual thin-film ultrasonic transducers are arranged in a ring of about 2 ft diameter and for each "scan" they are all energised at the same time. Each sends out a narrow sonar beam, collects the returned energy and in unison they produce a 360 degree image.

Repetition rate of the emissions is increased as the range scale is reduced. At the closest range of nine metres it is many times per second; but even at the maximum range of 1.2 km it is still fast enough for the essential features of the image to remain on the screen of the long persistence tube employed.

Active sonar

The sonar unit has no moving parts and uses digital processing within the submerged segment—multiplexing allows signal data to be sent to the surface segment by a nine way cable.

Marconi claims that the development "is far in advance of any existing system." It points out that current active sonar systems used for mine-hunting or anti-submarine warfare have normally operated at one sonar frequency only and have employed analogue techniques, thereby limiting each equipment to a particular function. The transducers used in the new system allow operation at multiple frequencies for maximum versatility.

Marconi says that during trials free-swimming divers have been detected at ranges in excess of 200 metres and more substantial targets out to 1.2 km.

The other private venture announcement from MSDS has been long awaited and is about Scimitar, a range of VHF and HF radio sets which it is known the company has been developing for some time.

Although the company is involved in the U.S. Army Sincgars-V development programme in partnership with Cincinnati Electronics, it has been developing Scimitar with an eye on markets that will lie outside the U.S./Nato orbit.

Frequency

Both projects are much concerned with frequency hopping in which a transmitter shifts its frequency so that an enemy receiver is unable to listen to anything for any useful length of time. But naturally enough, tracking receivers have been developed to combat hopping.

Now, MSDS claims that in Scimitar it has a system "almost impossible to intercept or jam." It says that, unlike similar sets which operate over a relatively narrow band of radio frequencies, and are therefore less secure, Scimitar hops pseudo-randomly over the complete operating band. The hopping speed—not disclosed by the company—is such that follower equipments are presented "with near impossible problems."

In practice many hundreds of frequencies may be used for hopping within the band. Each radio in a communications net is then programmed to dwell for a very short time on each frequency with synchronisation signals ensuring that they are all in step. Information concerning the changes is loaded into the sets initially and may contain cryptographic data to keep the change plan as secret as possible.

Use of wide-band hopping is important in relation to enemy use of broad band jammers. Such jammers may be air dropped or placed by artillery and due to weight limitation can produce only a limited transmission power—and the wider the band the less power per channel it can produce.

Marconi has produced designs for personal, manpack and vehicle versions of Scimitar and has kept cost down by the use of common electronics modules.

GEOFFREY CHARLISH

Why the movie-makers saved Ryder

BY RHYS DAVID

FILM capital Hollywood, and Bolton in Greater Manchester may not at first sight appear to have much in common. But since March a link has existed.

It was at that time that Gulf and Western, best-known for Paramount Studios, saved from extinction one of Britain's few remaining manufacturers of specialised heavy machine tools, Thomas Ryder and Son, a company with origins more than 100 years ago in the textile machinery industry.

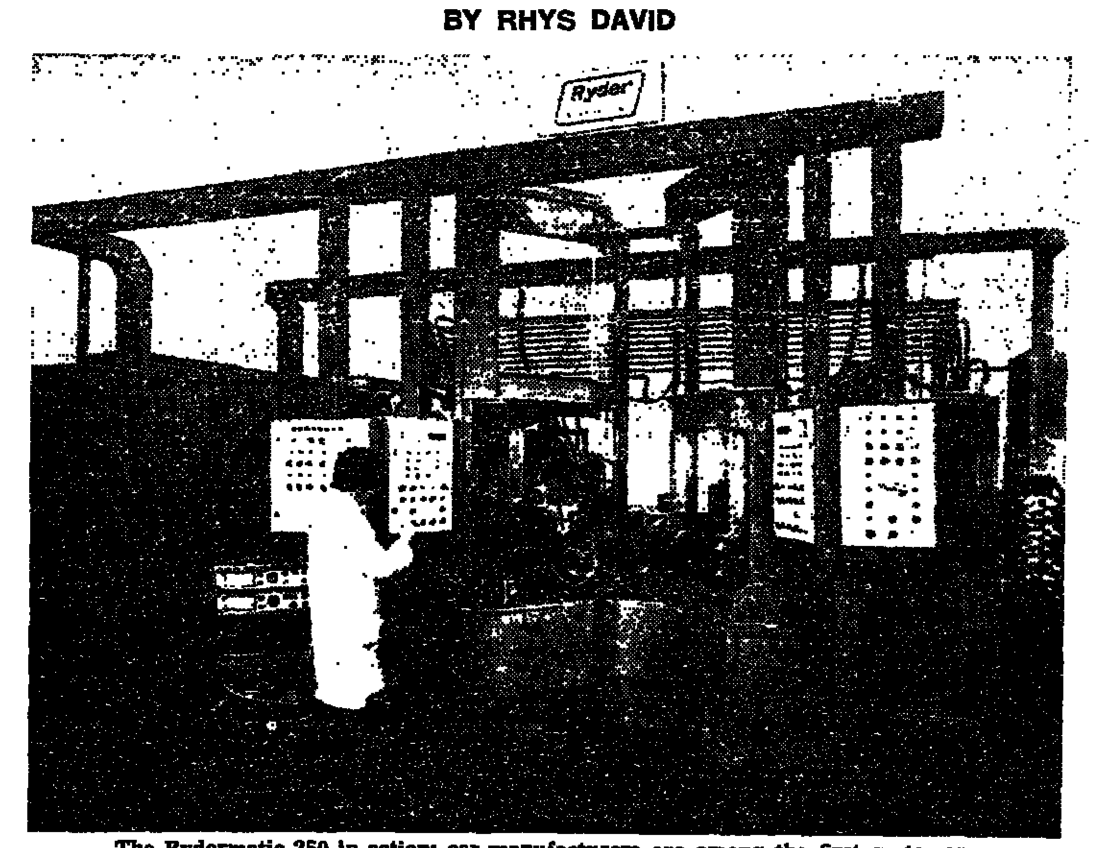
G and W stepped in after three months of negotiations to buy Ryder for £2m from Whitecroft, the Manchester based textiles, building and engineering group which had announced the previous September that it wanted to sell.

In 1979 Ryder had made profits, before interest charges, of £0.8m on a record turnover of £8m, but in 1980 it lost £0.5m as a result of the UK engineering strike and a bitter inter-union dispute in the plant which flowed from it.

G and W, which has other capital goods subsidiaries around the world with a total turnover of $200m, was interested in Ryder because of its strong product range, including a newly designed automatic lathe which is claimed to be technically more advanced and more powerful than rivals available from West Germany, the only other main source.

The Rydermatic 250 series is the result, the company claims, of "greenfield" thinking, rather than the extension of older technology, and has taken seven years of design and development.

The machine is intended for use in heavy duty, high volume batch production of components for the automotive, domestic appliance, and energy-related industries, and incorporates a front-loading horizontal, rather than a vertical format, with single or twin spindle capability.



The Rydermatic 250 in action; car manufacturers are among the first customers

The company claims that its designers have been able to build into the machine substantially increased productivity in three main areas.

First changeover times between different jobs have been cut drastically through the use of pre-set tooling, and programmes can be changed by a simple selector switch.

Second, the use of 45 kw (60 hp) motors gives high spindle power and enables the machine to utilise the most up-to-date cutting technology using ceramic and coated carbide tooling.

Third, the handling of products through the machine can be completely automated. The machine can also be linked to an optional visual display unit/computer system for initial programming, diagnostic monitoring and fault-finding. Bigger machines too, are now being developed.

Ryder has so far sold eight machines—one to BL, and seven to Eaton Corporation for its recently commissioned transmission plant in Bolton (see the FT Management Page, June 17)—but orders have been coming in more slowly than had been hoped because of the recession affecting the vehicle industry, and in particular the commercial sector.

Under its new management, Ryder's labour force has been trimmed back to not much more than 100, compared with a pre takeover figure (including subsidiaries now closed) of 450. Much of the reduction is accounted for by the switch in the manufacture of components previously made on site to other G and W factories.

These include G. and W. Athlone, a £20m new specialist numerically controlled machine shop in Ireland which has the capacity for volume component production, and Kenworthy Tools, toolmakers and manufacturers of special purpose machines.

Other UK operations in G & W's capital goods division include E. W. Bliss at Derby, ...manufacturer ...of presses and car machinery, and Anderson of Aberdeen, a manufacturer of coke ovens and pollution control equipment.

Ryder will concentrate in future on the highly skilled areas of assembly, tooling and commissioning and at Bolton will carry out all the design and commercial activities associated with its range of machines.

Ryder, as well as making the new horizontal Rydermatic, will also continue to produce vertical, single and twin spindle, automatic lathes, vertical multi-spindle chucking automatics, in line rotary transfer, and special purpose machines.

Finance has been promised, too, by G & W according to Mr R. C. Braggar, Ryder's managing director, for new equipment. "We will be given the funds needed for our growth in line with developments in the market over the next few years."

At its present size, the company believes it could achieve a turnover of about £5m a year.

Burroughs' intelligent file box

FROM OLIVETTI, the intelligent typewriter, from Xerox, the intelligent desk and now from Burroughs, the intelligent filing cabinet.

The U.S. multinational computer and office equipment manufacturer has launched its "electronic office" architecture based around an electronic filing system which, it claims, makes storage and retrieval of information fast and simple.

The other principal building block in its system is a com- provides the electronic glue to hold the various parts of the system together.

The Burroughs system — called OFIS 1 to suggest that OFIS 2, 3 and so on are waiting in the wings — is unashamedly advanced in concept and hierarchical in structure.

It is based around "Ofiswriters" (or word processors) and "Ofisreaders" (equipment which can read typewritten characters and put them into the system) for the use of secretaries. "Ofis terminals" which executives can use to ask questions of the system and "Ofisdirectors" giving control of information processing and communication for the use of the office manager.

The company does point out however, that customers can start with a less awesome array of hardware and build up.

The intelligent filing cabinet can store up to 160m characters of information, equivalent to some 80,000 pages of text and costs about US$59,000.

The communications controller costs about US$90,000. Buroughs has introduced new, low cost terminals at about US$1500.

The office file represents the first evidence of synergy between Buroughs and SDC, an American systems house it took over last year.

The information retrieval system—which Burroughs is keeping very quiet about—is a development of SDC's

So a whole new market battle is developing in fast-information retrieval with Burroughs Ofisfile, ICL's CAFS and Datapoint's Aim all in the ring.

ALAN CANE

POINTERS

Epromwriter

INTENDED MAINLY for use with the company's program controller for electroplating plant is Electroloid's recently introduced Epromwriter, a device that allows the simple compilation of plating routines from a keyboard labelled in standard plating language.

By direct key depression, instructions such as raise, lower, traverse, dwell time and so on can be sequenced without the need for digital codings.

Using first the unit's random access memory, the routine can be tried out on the plant itself. A permanent record of the program is then transferred into the erasible programmable read only memory (EPROM) which retains the data without the need for a power supply.

The unit should be of particular value to those plating shops with frequently changing jobs—it can accommodate 100 program steps and 39 addressable tanks. The device can be used with systems other than Electroloid's. More on 0296 28011.

Megger

EVERSHED AND VIGNOLES, makers and distributors of the Megger earth tester has introduced a direct reading digital instrument, the DET3.

According to the company, the device can be used to test earth electrodes, especially on physically large systems, measure coil resistivity for optimum siting of earth electrodes, survey geophysical characteristics such as water tables and test earth bonding in electrical installations and direct resistance measurements down to one milliohm. More on 0304 202620.

News service

A NEWS retrieval and distribution service going by the name of "Textline" has been launched by Finsbury Data Services.

It claims to provide facts and comments stored on a computer database to its customers through visual display terminals on their own premises.

The information — culled from daily newspapers, weeklies, company annual reports, Press releases and brokers' circulars — is abstracted by Textline staff and fed into the database.

Users call the database over the telephone lines to see the information they require — a full hard copy print out can be had through the terminal. More on 01-236 9771.

THE PROPERTY MARKET BY MICHAEL CASSELL

London beach-head for Asda invaders

ASSOCIATED DAIRIES' "superstore invasion" of London got underway this week with the start of work on its £6m shopping scheme on the Isle of Dogs.

Within the next few weeks, construction of a second store is due to begin at nearby Thurrock Park, Tilbury, and together the two schemes represent a major step in the rapidly expanding group's assault on the south.

The 80,000 sq ft Isle of Dogs development will be ready for trading in mid-1982 and, for a while at least, will be the Asda superstore nearest to central London. Within the next six months, however, the 1983-84 development programme will be formulated and Mr Don Ridgway, Asda's group development director, hints heavily of several more centrally located stores.

Asda has made no secret of its intention to repeat its northern-based success in the south of the country and of the 33 superstores planned for the next five years, 20 will be in the south and 10 of those in London and the home counties.

The current development programme, involving an additional 13 stores over the next 18 months, represents a capital investment in excess of £60m.

A measure of Asda's determination to open up in the London area is the trouble (and additional expense) it has gone to in order to secure approval for its Thurrock scheme, which will provide it with a 70,000 sq ft superstore and the local community with a lot more besides.

As in the case of the Isle of Dogs, the group is working in a landlord-tenant partnership with the Port of London Authority and — after a planning saga which included a successful appeal to the Department of the Environment — Asda has agreed to develop over the next five years 100,000 sq ft of warehousing on an adjoining site.

The group has guaranteed to provide 30,000 sq ft of the warehousing space by the time its superstore is open in the middle of next year and it will be available in small units. As part of its community contribution, it will also be underetaking a vital land drainage scheme within Thurrock Park.

About £20m in all will be invested in the ten-acre development and the cost to Asda of the store, the first phase of warehousing and the drainage work will be about £6m.

Both the Isle of Dogs and Thurrock schemes help maintain Asda's objectives of locating its big retail complexes in run-down areas where a new scheme can act as a catalyst for a fresh wave of local redevelopment.

Brixton in £12m plan

BRIXTON ESTATES took the opportunity at this week's annual meeting to announce details of a multi-million pound industrial development at Hemel Hempstead, Hertfordshire.

Harry Axton, managing director of Brixton, told shareholders that under the Government's new town sales programme, the group has been able to acquire the freehold of a 13.6 acre site close to junction 8 of the M.1 motorway. A long lease on the site has been acquired from A. M. International Information Systems the U.S.-based office equipment company.

Brixton is not revealing the price paid for the site but the total cost of the development, including land acquisition, is expected to be between £10m and £12m.

Under the terms of the deal, Brixton is to refurbish an existing 95,000 sq ft warehouse which will be leased back to A. M. International — which is restructuring its UK operations —as a storage and service area.

In addition, the plans call for the provision of around 200,000 sq ft of office and industrial space to be available for letting in 1982. This comprises the refurbishment of an existing 40,000 sq ft office block and a 40,000 sq ft warehouse unit plus 120,000 sq ft of new industrial and warehouse accommodation —ranging from 2,500 sq ft units to a 50,000 sq ft unit.

T & C on the City fringe

TOWN AND CITY Properties has started to refurbish and market a 100,000 sq ft office scheme on the fringe of the City of London which has been empty for about seven years.

The building is at Adler Street and Mulberry Street, Aldgate—an area now busy with City overspill developments—and has been named Cityside. The offices were vacated by Buck and Hickman following acquisition of the engineering company by T. and C. Attempts to sell the building failed—at one stage Sedgwick Forbes was interested—and the property group's financial plight made redevelopment impossible.

Now, however, phase one of the refurbishment, involving 45,600 sq ft, is underway and will take about nine months to complete. T. and C. is financing this part of the programme but arrangements for phase two—55,780 sq ft—are not finalised. Rents for the first available space should be around £9.50.

● A rent of £3.8m a year is being asked for the MEPC-Legal and General office scheme at Long Acre in London's Covent Garden, which was topped out this week. The £46m development is due for completion next summer and will provide 190,000 sq ft of air-conditioned floor space in floor areas ranging from 4,000 sq ft up to 28,000 sq ft. Sole letting agents are Jones Lang Wootton.

● European developers with a use for seven square miles of land in the greater New York metropolitan area should talk to Shire National, a small New Jersey textile company which is trying to interest foreign investors in what it says is the largest remaining parcel of development land in the area. Charles Shanock, chairman of Shire, is in London to look for potential purchasers for the land, which is 30 miles east of Manhattan in Morris County, an area where commercial development is under way and a new foreign trade zone is currently being built.

● To let in central London: 45,000 sq ft of floorspace at the princely rent of 19p a sq ft—no rent reviews, lease to run until June 24 2023. The deal, involving the International Harvester premises in City Road EC1, does, however, involve a premium of £2m. Freeholder of the property, which includes 15,000 sq ft of light industrial and storage space, is thought to be British Waterways Board.

The 99 year lease was taken out in 1924 when reviews were virtually unheard of and IH is currently paying £850 annual rent. Healey and Baker have been asked to dispose of the lease on the building, which is situated between Old Street and Angel underground stations.

● Carlisle City Council is to develop a £18m shopping project of some 200,000 sq ft including three major stores designed for prime retailing tenants, a superstore and a further 50 shop units together with housing and parking for over 500 cars. General Accident is the funder and Donaldson and Sons will co-ordinate the project.

● Michael Laurie and Partners have let some 10,000 sq ft on the ground, first and second floors of the Capital and Counties Kiln House office development by London's Putney Bridge to a subsidiary of Creole Production Services of Houston, Texas. Rental level equates to £10 a sq ft.

● Hanover Property Unit Trust, represented by Knight Frank and Rutley France, has sold its 30,000 sq ft office property at 6 Rue de Berri, just off the Champs Elysees in Paris, to a French pension fund for about FFr 55m, indicating a yield of 5.5 per cent.

● Townsend Thoresen Properties has let its 25,500 sq ft office development in Poole to the F. Belton Group of insurance brokers and Lloyds underwriters. Russell, Cash and Company acted for TTP, and the freehold has been sold for £1½m to Tyne and Wear Superannuation Fund.

Lagos office market put to the test

LONG-SUFFERING OFFICE tenants in downtown Lagos now pay some of the highest rents in the world to occupy space in a city plagued with power cuts, scattered with septic tanks and swamped in bureaucracy.

Nigeria's capital does not, in short, compare too favourably with some of the world's other major office centres which are also capable of commanding rents approaching £30 a sq ft. But incessant demand and continuing space shortages have continued to drive up the cost of prime office accommodation.

There is only about 1.3m sq ft of lettable first-class office space in the city's central business district (excluding government and related organisations) and apart from the high rentals—£24 a sq ft to £28 a sq ft is the going rate—tenants face three year reviews and have to pay up to three years in advance.

Finding any suitable space is the biggest problem. In the words of Alan Shelley, chairman of Knight Frank and Rutley (Nigeria), who spends a lot of time commuting between Hanover Square and Victoria Island: "Anyone looking for 20,000 sq ft or more of good space will be disappointed.

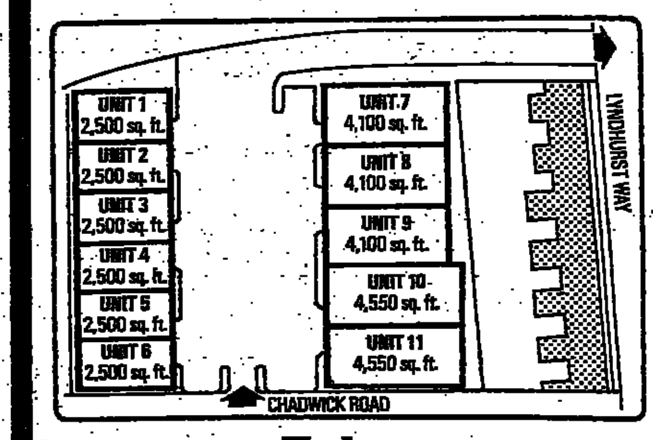
Small wonder, then, that the Nigerians' decision to move the seat of its federal government from Lagos to a new capital at Abuja in the centre of the country has raised questions over the future of the traditional commercial centre.

In the country's current four-year plan, about £2bn is set aside for the city's development and the main centre is due for completion in 1986-87, by which time the population is planned to be around 90,000—small stuff alongside the estimated 3m inhabitants of Lagos.

But all the Federal offices and other Ministries are expected to make the move, leaving empty space behind them and opening up the possibility of a rare office surplus and an end to the pressures which have pushed up rents five-fold in 10 years.

So has the Lagos property market—where returns can be good but from which foreign developers and investment funds are effectively barred by exchange controls—passed its peak? It is a prospect which many do not envisage and Alan Shelley believes that any space becoming available in the wake of the migration to Abuja will quickly be filled, largely by other government or quasi-government occupiers.

Knight Frank and Rutley, for one, expects Lagos to remain a major commercial and business centre, irrespective of the location of the federal capital, and is putting up its own 30,000 sq ft building in the city to prove it.



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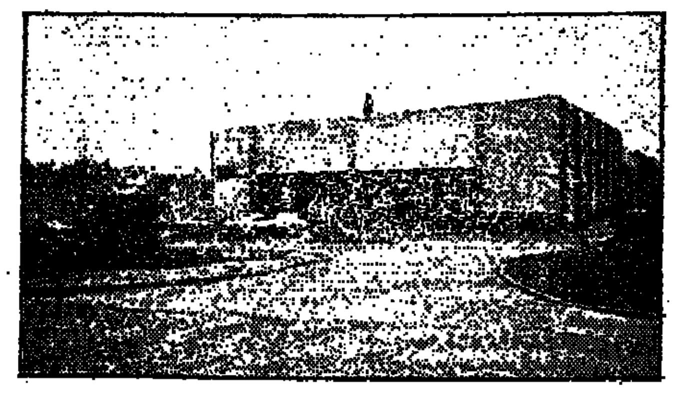

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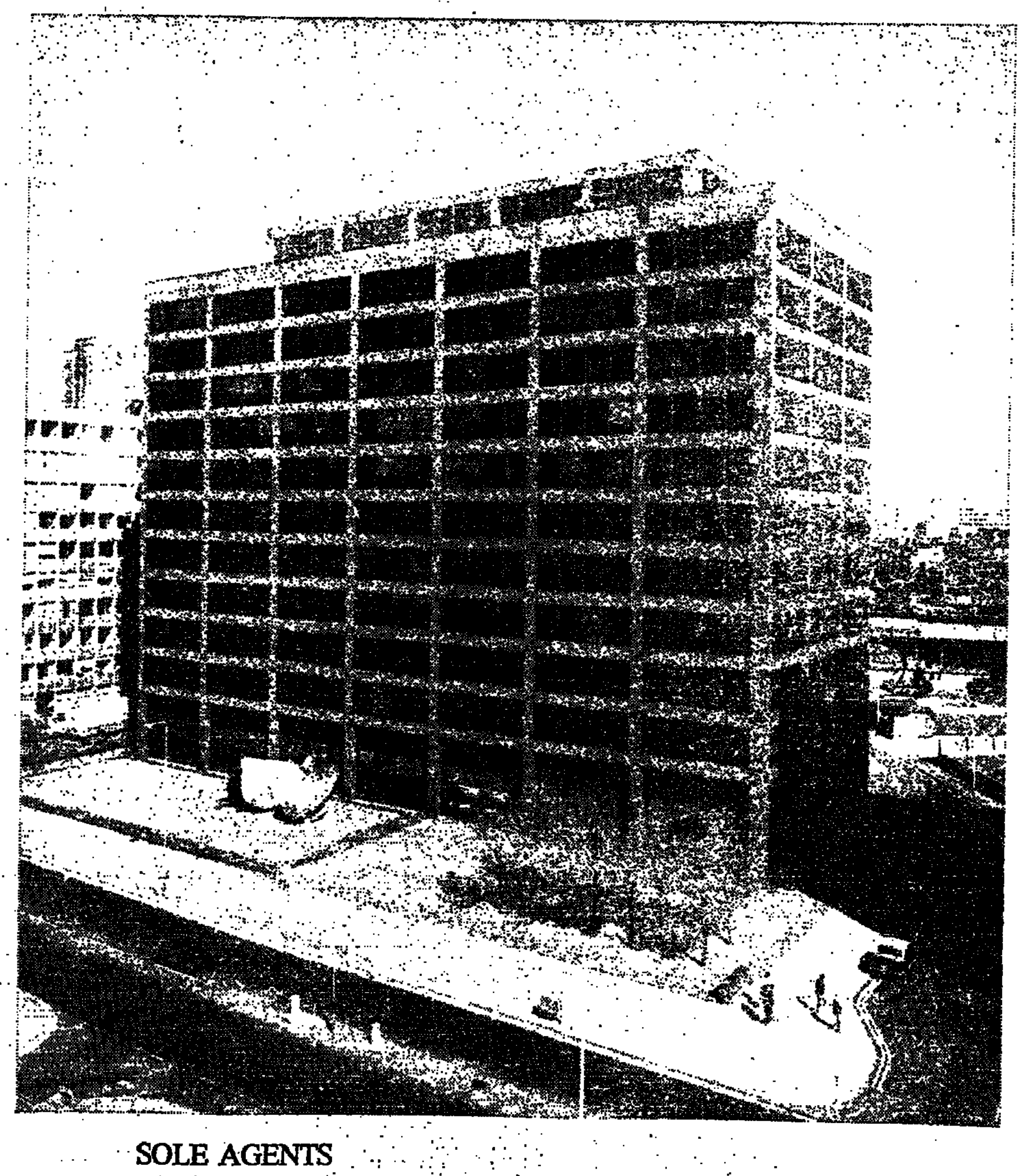

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ICI launches fibre with the feel of silk

BY RHYS DAVID

ICI FIBRES has begun a major marketing compaign for a new polyester filament less than a year after it announced its withdrawal from the manufacture of commodity polyester filament, the yarn widely used in women's knitted garments and various other fabrics.

This is not quite the paradox it seems. When ICI announced its major fibres re-structuring in October—including the closure of its Kilroot plant in Northern Ireland and cuts elsewhere—it also said it would continue to make more specialised polyester filament types capable of generating substantially higher returns than the basic grades which are subject to severe competition from imports.

The new fibre—brand-name Mitrelle—is one such speciality. Under development for five years, it has been the source of considerable excitement at ICI Fibres' Harrogate headquarters for the past two.

ICI, like other fibre groups, long ago ceased announcing new wonder fibres. But in Mitrelle, the company believes it has a different and superior product.

A very fine yarn—technically 66 decitex—it is claimed to be indistinguishable to the touch from silk. For weavers in Europe, according to ICI, it will be a valuable new weapon in the competition against the main suppliers of lightweight polyester fabrics, the Japanese.

To launch the new fibre, ICI took space for the first time in five years at Europe's main fabric show, Interstoff, in Frankfurt last month. Its wider intention was also to show that it still plans to be a major force in European fibres despite the cuts it has made in the past 18 months.

ICI's fibre labour force is due to fall to about 5,000, barely a third of the total 10 years ago. It will be operating from nine factories rather than the 23 it once had.

Significantly, this rationalisation—forced on ICI and other Western European fibre producers by heavy losses—has been accompanied by major technological developments, of which Mitrelle is a product.

Though ICI is not disclosing details of the process, the properties it has built into the yarn are achieved at the fibre-making stage—a significant advance on the Japanese techniques whose lightweight polyester fabrics are dependent on the use of caustic soda finishing techniques.

Mitrelle, as Alan Pedder, marketing and development director, points out, has emerged from a total fibre investment programme of about £200m in the past ten years which has also improved plant productivity. Fibre-making equipment has speeded up from 45 mph to 200 mph. Instead of being collected on 1 kg, 2 kg or 4 kg packages, yarn is put directly on to 20 kg drums, reducing considerably the amount of handling required.

The objective has been to produce, much more efficiently, high quality products which can in turn be directed to those parts of the European textile industry ICI believes will survive. This means directing as much effort towards the Continent, where more than half of ICI Fibres' sales are made, as to the UK.

To help its European customers it has become important not only to produce products with consumer appeal, but also to go on finding ways of cutting the costs incurred in converting yarns into fabric. This means producing fibres which can be processed more quickly or can skip some process stages.

A swimsuit and bathrobe forming part of ICI's assault on the sportswear market

In the case of Mitrelle — which will sell at a premium to the top end of the market—ICI has been working with eight top weavers: two each from France and West Germany, and one eacvh from the UK, Austria, Finland and Italy. The fabrics they have developed were on show at Interstoff.

It is reckoned that Mitrelle fabrics will first make headway in women's blouses, separates and lingerie, moving later into dresses, and into warp-knit fabrics.

The launch at Interstoff is to be backed by a £500,000 advertising campaign. The first stage of this will aim to influence garment manufacturers and retailers to select the fabrics for their spring 1982 ranges. This will be followed by extensive consumer advertising early next year.

Apart from the sophisticated garments into which Mitrelle will go, ICI reckons European garment makers can, with help from fibre producers, stay ahead of imported competition in the more specialist types of sportswear.

The growth in participation in active sports has encouraged fibre makers to develop yarns that combine a variety of fashion and performance requirements, said Mr Pedder.

Special yarns have been developed to give swim-wear its stretch properties and to give ski-wear and mountaineering clothes extra warmth. These form only a very small part, however, of the total and still very fast growing sportswear market which now includes a variety of other garments for leisure after sport or simply for relaxation.

ICI's assault on the sportswear market, and its attempts to build up orders for Mitrelle, take the form of a revamped marketing operation—yet another of the changes intended to signify the company's determination to remain a major force in European fibres.

ICI's efforts to re-establish a somewhat higher presence in the European fibre market now that its closure programme has been completed, have yet to be reflected in profits. These may not emerge for several quarters yet.

There have been some signs, however, of an increase in demand over recent months, and the rise in the dollar against European currencies has lifted some of the downward pressure on volume and prices which was being exerted by U.S. imports last year.

Against this background, ICI implemented at the beginning of this month a 10-15 per cent price increase.

With Mitrelle, in particular, it is hoping it has a product that the textile industry will be prepared to pay a fair price to obtain.

Senior posts at the Halifax

HALIFAX BUILDING SOCIETY has re-appointed Sir Raymond Potter as chairman and Mr G. N. Hunter and Sir James H. I. Whitaker as vice-chairmen. Mr R. P. Hornby, who has been a director since 1976, has been appointed as an additional vice-chairman. Mr J. O. Spalding will become deputy chief general manager of the society on July 1 in recognition of the fact that he has become the society's representative on the Council of the Building Societies Association, and is expected in due course to succeed Mr A. J. Thayre as chief executive.

★

Mr John Taylor has been appointed a director of WILTSHIERS, Kent-based building contractors. Mr Taylor has specific responsibility for the company's operations in Kent and his appointment coincides with the commencement of operations of two new wholly-owned subsidiary companies—Mr Harrie Hills has been appointed director and general manager of Wiltshier (Canterbury), and Mr Alex Gaskill to a similar post at Wiltshier (Tonbridge).

★

Sir Arthur Knight has joined the board of DUNLOP HOLDINGS as a non-executive director. He was chairman of Courtaulds from 1975-79, and chairman of the National Enterprise Board for 1979-80.

★

Mr F. John Briggs has been appointed chairman of WILLIAMS AND JAMES (ENGINEERS) in place of Mr David R. James, who remains on the board as a non-executive director. Mr Briggs is president of the Institute of Marketing, a member of British Rail Western Board, and a director of Norcros, Blagden and Noakes Holdings, and Bunzl Pulp and Paper.

★

The BRITISH PRINTING INDUSTRIES FEDERATION has elected: Mr C. W. R. Snell as president (for a second term)—he is chairman of Edwin Snell Printers, Yeovil; Mr Tony Williams, as vice-president—he is managing director of the Williams Lea Group, London; and Mr Peter Stephenson, as honorary treasurer—he is chairman of T. Stephenson and Sons, Prescot.

★

Mr Harold Weaver, who is in charge of credit policy supervision for Europe, Middle East and Africa, has been appointed a senior vice-president of CITIBANK NA, London.

★

Mr Colin C. D. Simpson has retired as chairman of the SIMPSON LABEL. He will be succeeded by Mr Ben Kuhne, but will continue as a non-executive director.

★

Mr John Lindsay-Bethune, chairman of the City of Westminster Chamber of Commerce, has retired as managing director of the J. WALTER THOMPSON GROUP and has been re-elected as a non-executive director.

★

The Trade Secretary has re-appointed Sir Godfray Le Quesne as chairman of the MONOPOLIES AND MERGERS COMMISSION, to serve for a further five years from December 1.

★

Mr Brian Longbottom has been appointed to the main board of the HUNTLEIGH GROUP. He is managing director of the group's largest subsidiary, Redditch-based Hymatic Engineering Company.

★

Mr A. H.* Brown has been appointed president of the CONCRETE SOCIETY for 1981-82. He succeeds Mr P. J. O. Burgess. Mr Brown is senior partner of Sir Frederick Snow and Partners, consulting engineers.

★

Mr D. J. Horder has been appointed a director of DEVITT (MIDLANDS); and Devitt and Associates, part of the Devitt Group.

★

Mr Geoffrey Charles Vandervell and Mr Ambrose Harman White cease to be partners with MOY VANDERVELL AND CO., stockbrokers, on June 30. Mr Vandervell is appointed consultant and Mr White is retiring. The new senior partner will be Mr Martin Rowland Favell.

★

Mr D. M. Austin has been appointed marketing services director of BASS.

★

The Energy Secretary has re-appointed Mr Denis Bell as chairman and member of the NORTH WESTERN ELECTRICITY BOARD from July 1 1981 to September 2 1985. Mr Bell has been chairman since 1976.

★

Lord Marsh has become a non-executive director of DUAL FUEL SYSTEMS, a company involved in automotive petrol-to-liquified petroleum gas (LPG) conversions.

★

Mr Austin Hugh Pope, director, avaiation division, Dunlop, and chairman, Dunlop Aviation Incorporated, U.S., has been elected president of the SOCIETY OF BRITISH AEROSPACE COMPANIES for the coming year. He succeeds Mr Basil Blackwell, vice-chairman and chief executive of the Westland Group of companies who, having completed a second term of office as president following the death of Mr E. L. Beverely, is unable, due to other commitments, to fill the office of deputy president. Mr A. H. C. Greenwood, deputy chairman of British Aerospace Public Company, who was president of the Society from 1970 to 1972, becomes deputy president.

Sir Austin Pearce, chairman of British Aerospace has been elected as the Society's vice-president. Mr Michael J. Cobham, chairman, Flight Refuelling was re-elected as treasurer for the coming year.

OVERSEAS

Mr J. Stahr has been elected a vice president of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO.

INTERNATIONAL PROPERTY

LOMBARD

The fallacy of Peter Walker

BY PETER RIDDELL

"This is not a decade for Western governments to become too fascinated by any economic theory. It is a decade for sane and pragmatic decision-taking."

Peter Walker, Minister of Agriculture, in a speech in New York, June 22.

Mr Walker is deluding himself. His comments will no doubt appeal to all those politicians and businessmen who regard themselves as practical men of affairs who are free of any "ism" or dogma. But Mr Walker is guilty of that most pervasive of British fallacies, the belief that everyday actions can be divorced from theory.

Belief

Mr. Walker's choice of the words "sane and pragmatic" is revealing: they imply (and were no doubt intended to) an image of sturdy English commonsense. This is reflected in the widespread belief, not least among trade unionists, that practical men know best and they do not need any elaborate theoretical explanation for their actions.

It is, however, impossible to escape from theory. Any economic or political action reflects some theory about how the world works. Few people consciously realise the connection. Many jobs are probably best performed by those who do not think too much about why they are performing a particular action. The most effective foreign exchange dealer is one who concentrates on the minuatiae of movement rather than one who wonders too much about the theory of floating currencies. Yet the latter determines the framework in which he operates.

The delusion that practice can be divorced from theory is more dangerous among those who take strategic decisions. The banker who justifies his views about monetary control on the basis of his working experience is really reflecting the outcome of a past theoretical debate—the currency school versus the banking school controversy of the 1840s and 1850s.

Politicians are even more guilty of falling into the "pragmatic" trap. Those like Mr. Walker who seek to reject "abstract theory" are usually opposing one idea in favour of another. The most hand-to-mouth pragmatism (say Sir Harold Wilson in his heyday) still reflected a view of how Government should operate, whether he realised it or not.

Mr. Walker's speech was widely interpreted as a veiled criticism of the alleged rigidity of the Treasury's "monetarism" (however defined). But what he offered instead is no less based on theory. Indeed the mixture of limited interventionism and economic nationalism which Mr. Walker has consistently advocated and practised for 20 years has a long Conservative pedigree, and its theoretical backing can be found in the works of Sir Ian Gilmour.

The issue tends to be blurred by the use of words like "doctrinaire" whenever theory is mentioned. It is certainly fair to criticise politicians for being too attached to a simplified theory without realising the qualifications attached to its practical application.

Emphasis

It is arguable, for example, that the Treasury placed too much emphasis on sterling M3 as the main monetary target in 1979. A more sensible approach might have been to recognise the limitations of any particular monetary measure and instead stress the overall goal of achieving monetary restraint with the means presented as adjustable details. This approach still reflects a theory. Similarly, the vociferous critics of Mr. Beryl Sprinkel in the U.S. base their attack as much on theory as he does.

The last word inescapably lies with the famous remark of Keynes in the *General Theory* that, "Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist." Mr. Walker is no exception.

Maintaining an industrial link

BY RAYMOND SNODDY

AROUND BRITAIN

CITY UNIVERSITY

RECESSION does not seem to have touched City Technology, a small but progressive company in North London which increased output by 75 per cent last year and hopes to do the same this year.

Exports are a healthy 30 per cent, turnover is running at more than £250,000 per annum and inquiries are already coming in for the latest product of its research and development team—a small, robust, portable *carbon monoxide* sensor for detecting fires and analysing the content of flues.

Mr Tony Tantram, managing director, hopes that the carbon monoxide sensor, being developed in co-operation with the National Coal Board and soon to begin field trials, will be as *successful* as *the company's* oxygen sensor which is now supplied to 15 instrument companies in Britain and abroad.

The oxygen sensor, originally used to protect workers in dangerous environments such as sewers, is now used to test *medical incubators, inert gases* in oil tankers and increasingly to test the efficiency of boilers and engines.

Yet, however good City Technology's sales record, it is probably more important as an example of a successful attempt to close the gap between *research and production* and demonstrate the importance of links between universities and industry. For the chairman of City Technology is Dr Raoul Franklin, vice-chancellor of the City University, and all the company's staff are university employees.

City Technology's production line is just one example of the university's determination to involve itself in practical industrial problems.

The City University's links with industry are as old as its origins as an institution. It began life as a Victorian technical college in the centre of the clockmaking industry of the Clerkenwell Road and the metal industries of the City Road.

Now the traditional industries of the area have all but disappeared and the red brick college is a technological university with a national role turning out physicists, chemical managers, and actuaries rather than apprentices for the clock industry.

But the university is looking again towards its local roots to see how it can help to revive *an area that has suffered heavily* from unemployment.

The University Senate recently reaffirmed that the university should have a local, as well as a national role, and contacts with local business and industry are to be extended.

Some links already exist. The university took its lasers to the Hackney, Islington and Tower Hamlets Trade and Industry exhibiton in April. The requests for advice included a clothing manufacturer thinking of using lasers to cut cloth and a domestic fire manufacturer who wondered if laser holograms could be used to produce more realistic artificial flames.

Students from the business school are also involved in a project run by the Polytechnic of North London in which small local firms were visited to see whether the expertise of the two institutions could help.

Students designed, as part of their course, a high-speed extrusion head for the sausage machine of a Smithfield company, tried to find suitable new products for a plastic injection moulder and gave craftsmen basic guidance on book-keeping.

The university is also anxious to increase its links with industry nationally. Last year a new chair in industrial chemistry was created and the brief of Dr John Donaldson, its first holder, includes approaching the chemical industry to seek collaboration projects.

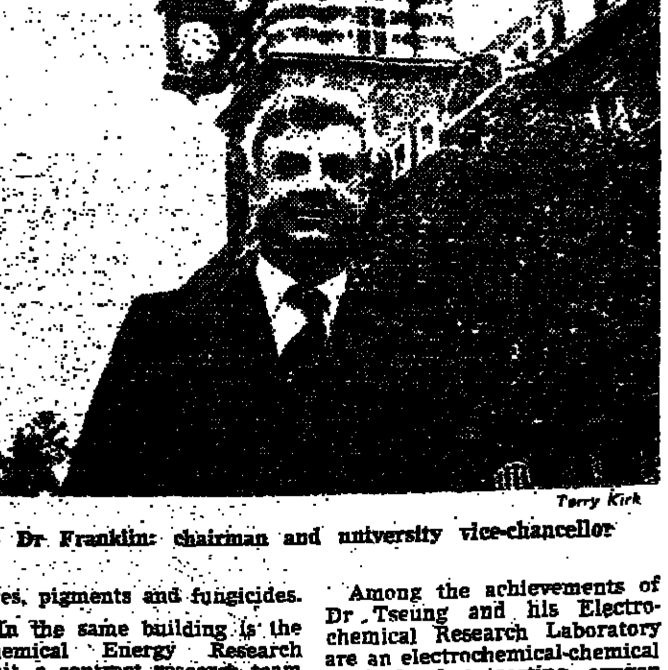
The neat squares of North London may seem the wrong setting for such work, but Dr Donaldson points out the location is not that inappropriate.

"There may not be many chemical companies here on the edge of the City but there are rather a lot of head offices."

One of the department's major projects, which won a £60,000 grant from the Science and Engineering Research Council, is an investigation of how valuable metals can be recovered in the form of chemical salts from the sludges and slag heaps of Britain's industrial waste.

Dr Donaldson points out, for example, that 8m tons of pulverised ash is disposed of in Britain every year—ash which contains 3 per cent nickel and 2 per cent vanadium.

Whereas it would be too expensive to recover such waste in the form of metal, Dr Donaldson hopes it will be possible to isolate chemical salts by hydro-metallurgical processes which can be used as catalysts, agricultural additives, pigments and fungicides.



Terry Kirk

Dr Franklin: chairman and university vice-chancellor

In the same building is the Chemical Energy Research Unit, a contract research team under the directorship of Dr Alfred Tseung, who worked for seven years in industry. The unit, which is run on a commercial basis, has received contracts worth more than £150,000 in the past two years for research on such topics as energy saving in the chlor-alkali industry, the development of storage batteries for solar cell arrays, and a new type of water-activated battery.

Among the achievements of Dr Tseung and his Electrochemical Research Laboratory are an electrochemical-chemical method of extracting oxygen from the air—a device with export potential in both the *developed* and developing world—and a method of removing 98 per cent of the sulphur dioxide from Britain's chimneys.

It is a record which Dr Franklin believes ought to help protect City University from the worst effects of cuts in grants for higher education.

Chance for handsome Al Hasa

RACING

BY DOMINIC WIGAN

HENRY CECIL used last year's Grimthorpe Stakes at Doncaster as a stepping stone for Age Quod Agis in the colt's preparation for the July Stakes (in which the erratic juvenile was to hand out a two-and-a-half lengths beating to Recitation) and it seems significant that the Newmarket trainer will be relying on the maiden Al Hasa this time on Town Moor.

It is clear that a great deal is thought of Al Hasa at Warren Place for after finishing in the ruck behind Linus Ginseng at York, where he drifted in the betting from 5-1 to twice those odds, this grey son of Al Hattab was backed as if defeat was out of the question at Leicester on June 8.

On the face of things, there were no excuses there as Mr Peter Burrell's $35,000 yearling purchase came home in second place. Fast away in the hands of Piggott, who renews his association here Al Hasa led until collared and caught by Changatu close to home.

However, having said that, the fact remains that Piggott *felt sufficiently confident* in his mount to set out and try and make all the running in a big field. This suggests to me that both he and Cecil consider Al Hasa better than the bare result suggests.

I am prepared to give the handsome grey, tackling six furlongs for the first time, another chance and take him to reverse placings with Changatu and also account for the Royal Ascot disappointment, Linus Ginseng.

Now that Connaught's highly rated half-sister Daffodil Day, has been withdrawn from the Stockil Stakes the way should be clear for Needs Supporting to complete her double.

Steve Cauthen's powerfully made Home Guard filly came good with a smooth display at Warwick on Saturday evening. Her well merited success there followed a luckless run at Sandown where she lost Geoff Baxter when serious bunching occurred half a mile from home.

DONCASTER

2.15—Alma Ata
2.45—Al Hasa**
3.15—Needs Supporting***
3.45—Staying Alive
4.15—Passing Moment
4.45—Bonnybridge

LINGFIELD

3.00—Esther's Folly
4.00—Stern
4.30—Caralia
5.00—King's Parade
6.00—Down To Darkie*

TV/Radio

+ Indicates programme in black and white

BBC 1

6.40-7.55 a.m. Open University (Ultra High Frequency only). 10.15 For Schools, Colleges 11.25 You and Me. 11.40-12.00 For Schools, Colleges. 1.00 p.m. Trem 1.27 Regional News for England (except London) 1.30 Mr Benn. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 The Space Sentinels. 5.05 The Best of Horses Galore. 5.35 Padding.

5.40 News.
5.55 Regional News Magazines.
6.20 Tennis and Athletics.
8.00 It's a Knockout.
8.50 Athletics from Oslo.
9.00 News.
9.25 Knot's Landing.
10.15 Public School (London and South East only).
10.45 News Headlines.
10.50 The Late Films "Jenny" starring Alan Alda.

All Regions as BBC1 except as follows:

Cymru/Wales — 1.30-1.45 p.m. Bys a Bawd. 1.55-4.20 Tennis and Golf (Wimbledon and the 1981 Coral Classic at the Royal Porthcawl Golf Club). 5.05 Gari Gylifer. 5.25 Sami Shardun (cartoon). 5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC1 (Wimbledon and Athletics). 8.00 Trem. 8.30-8.50 Golf: 1981 Coral Classic highlights. 10.15 Week in Week Out. 11.05 News for Wales. 11.06-12.40 a.m. "Speed King" starring Robert Hardy.

Scotland—1.25-1.30 p.m. The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Beechgrove Gardeners' Roadshow. 10.45-10.50 News for Scotland. National News.

Northern Ireland — 4.18-4.20 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Rock in the City. 10.45-10.50 News for Northern Ireland, National News. 12.20 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol). South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend; Midlands (Birmingham) — Straight Talk; North (Leeds) — Class; North East (Newcastle) — Phone-In Now; North West (Manchester) — Sweet and Sour; South (Southampton)—Bioscope Days; South West (Plymouth) — Mightier Than The Sword; West (Bristol)—Event.

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School (As BBC1 4.20 p.m.).
2.00 p.m. Wimbledon Tennis.
7.50 Mid-Evening News.
8.00 Gardeners' World.
8.25 The Vanishing Countryside.
9.00 Call My Bluff
9.30 Troll Wall—The Vertical Mile.
10.00 Wimbledon highlights.
10.45 Newsnight.
+11.30 The Outer Limits.

LONDON

9.30 a.m. Schools Programmes. 12.00 The Magic Ball. 12.10 p.m. Once Upon a Time. 12.30 Super Savers 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 Houseparty. 2.25 Best Sellers. 4.15 Road Runner. 4.20 The Adventures of Black Beauty. 4.45 Get It Together. 5.15 Sale of the Century.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 Return of the Saint.
8.30 Misfits.
9.00 Get Lost!
10.00 News.
10.30 International Sports Special: Boxing and Athletics.
12.00 Stars on Ice.
12.30 a.m. Close: Personal Choice with Commissioner Catherine Bramwell-Booth.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 p.m. Anglia News 2.25 Friday Film Matinee "For the Love of Ada" starring Irene Handl and Wilfred Pickles 5.15 Winner Takes All. 6.00 About Anglia 7.00 Sale of the Century. 12.00 Friday Late Film "Jigsaw John: They Only Come Out At Night." 1.30 a.m. Your Choice.

ATV

1.20 p.m. ATV News. 6.00 ATV Today including ATV Sport. 7.30 Vegas. 12.00 ATV News.

BORDER

1.20 p.m. Border News 6.00 Lookaround Friday. 6.30 Out of Town. 7.30 Vegas. 12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News. What's On Where and Weather 6.00 Channel Report 6.30 What's On Where 6.35 Brown Study 7.30 Vegas 10.28 Channel Late News. 12.00 News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing 1.20 p.m. North News 6.0 North Tonight 6.30 Treasures in Store. 7.30 Vegas. 12.00 North Headlines.

GRANADA

1.20 p.m. Granada Reports. 6.00 Granada Reports. 6.30 Doctor Down Under. 7.30 Vegas. 12.00 The Late Film: Deborah Kerr and David Niven in "Prudence and the Pill."

HTV

1.20 p.m. HTV News. 6.00 Report West 6.30 WKRP in Cincinnati. 7.30 Vegas. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except:— 9.35-9.50 a.m. Mwy Neu Lai. 12.00-12.10 p.m. Ffalabalam. 4.15-4.45 Sywyd Sychdir Cras. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 p.m. News and Road and Weather. 1.30 Andy's Party. 5.15 Emmerdale Farm 6.00 Scotland Today. 6.30 Ways and Means. 7.30 BJ and the Bear. 12.00 Late Call.

SOUTHERN

1.20 p.m. Southern News. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Survival. 12.00 Southern News Extra. 12.05 a.m. The Late, Late Premier: "War Wolfs."

TYNE TEES

9.20 a.m. The Good Word. 9.25 North East News. 1.20 p.m. North East News and Lookaround 2.25 Friday Matinee: "Before Winter Comes" starring David Niven and Anna Karina 5.15 Clapperboard 6.00 North East News. 6.02 Sportstime 6.30 Northern Life 7.30 The Misfits. 8.00 Friday Live National Service. Should it be brought back in some form to involve youngsters in working for the community—or as an answer to the present unemployment 10.30 North East News. 12.00 Welcome Back, Kotter. 12.30 a.m. Countryside Christian.

ULSTER

1.20 p.m. Lunchtime. 4.13 Ulster News 6.00 Good Evening Ulster. 6.30 Welcome Back Kotter. 7.30 Vegas. 10.29 Ulster Weather 12.00 Witness. 12.05 a.m. Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays 1.20 Westward News Headlines. 6.00 Westward Diary 7.30 Vegas 10.31 Westward Late News 12.00 Faith For Life. 12.05 a.m. West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 p.m. Calendar News. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Summer Sport. 7.30 Hawaii Five-O. 12.00 In Concert.

(S) Stereophonic broadcast.
‡ Medium wave.

RADIO 1

5.00 a.m. As Radio 2. 7.00 Mike Read 9.00 Simon Bates 11.00 Andy Peebles 12.30 p.m. Newsbeat. 12.45 Paul Burnett 2.30 Dave Lee Travis 4.30 Peter Powell 5.30 Newsbeat 5.45 Soundtable with Mike Read 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S)

VHF Radios 1 and 2—5.00 a.m. With Radio 2 ...

RADIO 2

RADIO 4

RADIO 3

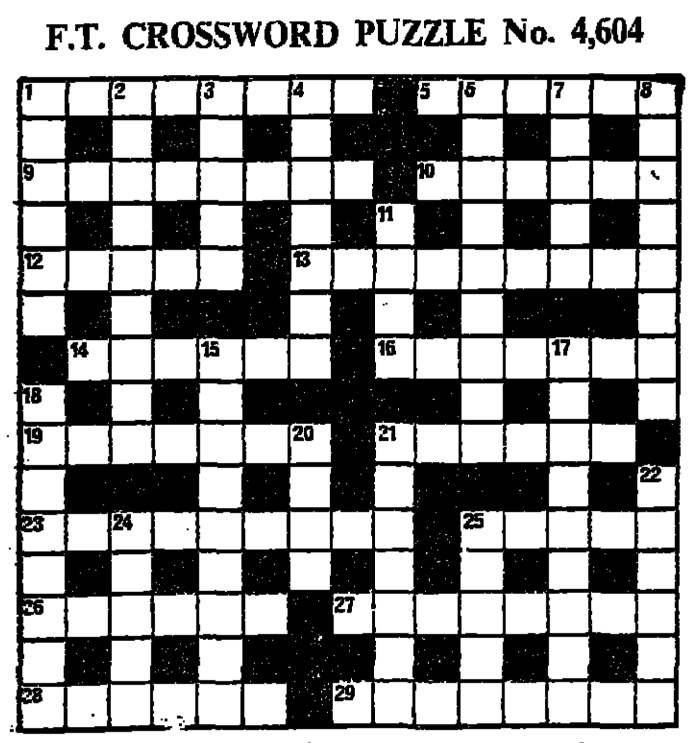
BBC Radio London

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.03 Morning Star 10.03 The Robbie Vincent Telephone Programme ...

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 4,604



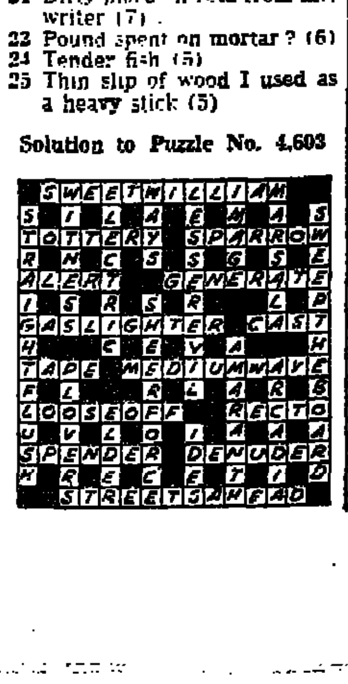
ACROSS

1 Make a friend, ceremoniously (8)
5 Slashed as bread may be (6)
9 Uninformed in design or antiques (8)
10 Go back and fish, casting amorous glances (6)
12 Dislike taking Pole to heart in a hurry (5)
13 Conformable yet versatile (9)
14 Muddled tot was first (6)
16 Spirit seen in photographs around church (7)
19 Concise article in flexible cover (7)
21 A drink for each meal (6)
23 Mastery, admitting no backsliding in religious abode (9)
25 Turning machine in part of Kent (5)
26 Ordinary rule followed by a novice (6)
27 Suspect it could be watery vapour and corrosion (8)
28 Saucy chap with youth-leader (6)
29 A succession of drops from a pole to make grain level (8)

DOWN

1 Box left inside air passage (6)
2 Boxing enthusiast desiring to be knocked into shape with a right (9)
3 Get on with soldiers in time (5)
4 Grease put around any rope (7)
6 Offal and joint provided for, and appreciated by, sailors (9)
7 Caught leg in scale (5)
8 Remove the lubricant from top of driving gear. See—it's eccentric (8)
11 Refrain from calling soft fool (4)
15 Usurer sounds like a very singular fish (4-5)
17 Astonished and dreads bogie (3-6)
18 General belonging to the entire Christian Church (8)
20 North-eastern record turnip (4)
21 Dirty place on rota from fine writer (7)
22 Pound spent on mortar? (6)
24 Tender fish (5)
25 Thin slip of wood I used as a heavy stick (5)

Solution to Puzzle No. 4,603



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هكذا من الأصل

ıtre Upstairs

Room by MICHAEL COVENEY

ı *A Room of One's Own*, ginally delivered in lecture m to female undergraduates Cambridge in 1928. Virginia ɔolf discussed the case of ary Carmichael, an unknown ·rl writing her first novel in a ed-sitting room. Given her ıwn space and £500 a year, this girl would be an accomplished poet in 100 years time.

Room has been devised and directed by Natasha Morgan in response to Woolf's lucid, good-humoured polemic. She makes a contemporary distillation of the argument by writing to her husband about dividing household chores and baby-minding duties.

Slipping backwards in time, a ·rinting school student (Helen 'ooper) attends a lecture by one ·ilianne Raine about Aphra ·ehn, the first English woman ı make her living by the pen. aine, perhaps a soubriquet for ·oolf, is represented by a re-·rded voice of careful literary ıtonation. Antonia Fraser or ·ven Claire Tomalin comes to ıind.

The theatre floor is covered ·ith piles of books. One corner ı a kitchen/dining area where ·lorgan, donning white cap and ·pron, moves sulkily among the rockery. Ideas from Woolf—uch as the sense of exclusion rom High Table socialising and he command to keep off the rass—are wittily incorporated nto the dreamy scenario. A sea of printed galleys is suspended in mid-air. Gathering them in like washing, Morgan deposits them on her husband's lap before leaving to quieten the hiccuping infant. With a shotgun.

Leonard Burt

Natasha Morgan

Nigel Hughes plays the men, including the chap pilloried by Woolf for his remark that, in academic life, "the best woman is intellectually inferior to the worst man." A leaf—taken from somebody's book?—flutters and drifts to the sky. A dummy of Raine is replaced by a Woolf clone (Jenny Carey) after pebbles in a bowl of water, symbolic of her suicide, are dispassionately observed by the company. Does Morgan not want to know about Vita? No. Well, yes. A Beethoven string quartet drowns the conversation.

The show, only one hour long, ripples with imaginative ideas delivered in the style of the People Show. Mary Carmichael is celebrated in a folk ballad and the dates of famous women writers are pinned to the galleys. Unless Natasha Morgan can resolve her problem, she will leave home. This is a disquieting, enchanting show that rewards patience and deserves success.

★

At the Old Red Lion, near the Angel tube, *Herself Alone*, a lunchtime play by Seamus Finnegan, directed by Julia Pascal, puts three Belfast girls under the spotlight. One is imprisoned in Armagh, the other two torn between London and home. Ti na Marian is the one with a cell of her own.

Sadler's Wells

Short Stories

They call it Modern Dance or Contemporary Dance, and a good half of what we customarily see has yet to escape from attitudes that Martha Graham established half a century ago. Not so Twyla Tharp, whose dance is truly modern, as she sifts, plunders, passes our recent dance-past through her crackling intelligence and makes something utterly contemporary from it. Her second programme on Wednesday looked at Joplin rags, at folk-dance, at jazz, at pop, and showed us the old made new, and the new made dramatic.

Two of the pieces were ten years old — *The Rags Suite* and *Eight Jelly Rolls* — and have lost none of their energy and oiled, frictionless elegance. The others — *Assorted Quartets* and *Short Stories* — were made just last year, and suggest that Twyla Tharp is moving into new and intriguing creative territory.

In the earlier pieces she has re-assessed, re-invented the past: rags, jazz, are the material, but given a technical gloss, a fizzing and insouciant energy, a don't-give-a-damn bravura, that entirely transform them. In Wednesday's performance the *Jelly Rolls* and the *Rags* seemed exercises in the most audacious technical skill—skill from Tharp, and matching skill from her dancers, among whom Shelley Washington has the wittiest body we have seen for a long time. The dancers flirt with the music, slide through it, jiggle and dash along its rhythmic pulse, roar across it heedless of wind and limb, and we are amazed and delighted. The music explains their attitudes, feeds their style, and—like alanchine—Twyla Tharp shows us its heart.

Assorted Quartets is danced in silence until a fiddler joins the four members of the cast with some folk-tunes. The mood is athletic, aggressive, dedicated to the idea of partnering as something between unarmed combat and catch-as-catch-can, and it is exhilarating.

Short Stories is narrative abstracted from the behaviour of the urban young. Its first section is about romance yielding to emotional brutality in a dance-hall, and the song *Lover Boy* (repeated twice) shows how sentimental attachment is soured.

At its end the heroine is seemingly dead, victim of male indifference. The second and unrelated part is about the tensions that destroy love affairs, with sudden surges of violence (a slow-motion fight between two boys) and an ending which shows a boy and girl snarling at each other.

The narrative uses apparently literal gesture which cuts viciously into the dance phrases: in these brief incidents I sense Tharp in quest of fresh areas of dance interest. As with everything she shows us, effects are superbly judged. And, as with everything this season, the dancing is of the best.

CLEMENT CRISP

University of York

Wilfrid Mellers

by MAX LOPPERT

At the close of the current academic year Wilfrid Mellers retires as head of the York University Music Department. On Thursday, students, ex-students, teachers, and well-wishers gathered in the Central Hall to give and listen to his farewell concert.

It was an occasion both happy and sad. This is perhaps not the place, and the present writer (a York graduate) not the person, to attempt an objective estimate of Meller's achievement in founding the department, or the worth of its work in no more than two decades of existence. Perhaps one may record a handful of the compositional and performer names — Anne Boyd, Jonty Harrison, Vic Hoyland, Roger Marsh, Dominic Muldowney, George Nicholson, Andrew Wilson - Dickson, Richard Bernas, Mary Beverly, Henry Herford, Paul Roberts, Moray Welsh—to have come to prominence since their inscription on the student register. Given the size of the department and the length of its life-span, York has fostered a disproportionate amount of major musical talent; let that speak a little of the achievement.

Mellers has always insisted—in his teaching, in his books and essays, in his compositions — that music has meaning, and that its meaning is worth adducing from sociological, ethnological, and metaphysical as well as purely aesthetic and historical standpoints. York students are encouraged to range freely across the various musical cultures, and across the complete historical timespan, without having to encounter the usual categorical exclusions of music departments and academics.

Thursday's concert, performed by the University Choirs and Orchestra under Graham Treacher, was a programme of the purest Mellersian kind: Sibelius' *Tapiola* and the Roya Harris Third Symphony interleaved with two Mellers works, one a first performance, calling for the widest possible array of executants. The juxtaposition of old and new (also Old and New) worlds, of familiar and unfamiliar instrumental-vocal combinations, was devised both to instruct and to exhilarate, to "make sense;" and, despite the dead acoustics of the hall, that is what it did.

The new work was a three-movement concertino for violin (Christopher Rowland of the university's resident string quartet, the Fitzwilliam), percussion and strings — *The Wellspring of Loves*. The violin sings a winding modal song above a rhythmically exotic accompaniment, lightly textured—almost a kind of *Lark Ascending over the Mediterranean* (or also, as the programme note hinted, the Caribbean). Aphrodite, whose name figures in the movement subtitles, is the tutelary goddess of the music; but Mellers' familiar lack of inhibition in yoking together poetic and musical images (something that has sometimes maddened his readers and listeners) is here complemented and restrained by careful, simple working on a small scale. The unpretentious effect of the piece was oddly moving.

Yeibichai, for vocalists, narrators, chorus, large orchestra, and three dispersed instrumental groups (country-pop, jazz, "Buddha"), was first performed at the 1969 Proms: for this occasion its jazz irruptions had been revised and expanded. The text, a poem by the American Garry Snyder, relates the myth of the mountain girl who mated with a bear: its musical setting throws together its diverse materials with enormous energy but with insufficiently considered or sustained invention—no point, no contrast, seems to last long enough to make its meaning clear through the brightly coloured welter of sounds. Celebration was its purpose: and, by the end of the concert, with balloons floating, streamers waving, and a farewell banner unfurled by the performers, that purpose had been realised as much by the circumstances of the concert as by the music.

Festival Hall

Ashkenazy

by DAVID MURRAY

On Wednesday Vladimir Ashkenazy played Beethoven's last two sonatas before the interval, Chopin after it. There was a full, expectant house, but the A-flat Sonata op. 110 had to compete with much coughing, and it was not until the Arietta of op. 111 that there was due attentive silence. Impossible to say whether the imperfect concentration should be marked to the artist's account or to the audience's (the soft gleam of the A-flat opening sounded less suspended, less magical than it can do): Ashkenazy's insistent bass octaves in the op. 110 fugue, and the tone of angry challenge in the Maestoso introduction to op. 111, did have the ring of a call-to-order.

In any case Ashkenazy did not risk beginning the great Arietta as a timeless meditation; but here his unexpected address — smoothly purposeful, articulate, unlingering — not only seized the attention, but pointed a new, perfectly feasible route to the quiet heights of the final pages. The sense of steady unfolding remained potent through the linked variations, and where at last the formal divisions melt away and the music goes into rapt circles, the playing had the air of having reached a place aimed at from the very start, the still point of the turning world.

Ashkenazy's Chopin this time was the two Nocturnes of op. 27 and the B minor Sonata. The C-sharp minor Nocturne was touched with frost, the disconsolate falls of the melody picked out over a frigid bass; the ornamental arabesques of its D-flat companion were exquisitely turned. As for the Sonata, Ashkenazy lavished comparable delicacy upon it, perhaps at some cost to its claims to proper sonata-cogency (the development of the Allegro sounded especially casual, a series of charming excursions to nowhere in particular) — but the Largo took on an imposing stature by itself, and the Finale followed its trajectory in one dazzling sweep. Stupendous keyboard command, and a vintage performance.

Cinema

A slip in the Bond market

by NIGEL ANDREWS

For Your Eyes Only (A)
Odeon, Leicester Square
From the life of the Marionettes (X)
Academy 2
All Night Long (A) Plaza
Happy Birthday To Me (X)
Warner West End, Cinecenta, Studio, Classic Chelsea and Odeon Westbourne Grove
Condorman (U)
Odeon Marble Arch from July 2

"Oops, me nightie's slipping."
"So is your accent Countess."

In James Bond films anything can happen, and Italian countessas who turn out to be Liverpudlian social climbers are usually the least of it. Roger Moore walks varnished, bland and rictus-smirked through the series, his *sang* every more preposterously *froid*. And with ever self-renewing curiosity we wait to see what marvels of pushbutton weaponry "Q" will disburse, what exotic jet-set touchdowns the adventure will take in, and how many blasé bedroom *double entedres* 007 will purr out between half-closed eyes to his latest heroine(s).

It's no wonder that the Bond films, in spite of a rash of imitators when they started in the '60s ,are the only successful spy romp series in cinema history. How *could* one invent a more high-contrast antiphony than that between the technological mayhem that unspools across five continents and the urbanely immovable Englishman at its centre, who is the best self-mocking ambassador for British manners since Noel Coward?

All of which is daintily to lead up to the fact that *For Your Eyes Only* is not the best Bond film in recent memory. It isn't the formula that's at fault but the failure of the makers this time round—director John Glen, writers Richard Maibaum and Michael G. Wilson—to play any very interesting variations on it. Spoiled by Space in *Moonraker*, the series has come back to Earth with a baleful and bathetic thud in a plot that reheats that old standby, the Cold War. A top-secret Naval computer is lost off the Albanian coast and 007 is deputed to investigate; briefed, alas, not by the magnificently rheumy and mouldering Bernard Lee of yore, as 'M,' but by a brisker, duller James Villiers as 'chief of staff.'

In the context of the Bond series, the film's sins are cardinal. There isn't a super-villain—just a guess-the-baddie play-off for the role between two colourlessly shady Greek tycoons played by Topol and Julian Glover. There isn't a sparky heroine of ambivalent loyalties, just the lymphatic Carole Bouquet, as a crossbow-wielding ally of our hero's and the nymph-atic Lynn-Holly Johnson, as a Lolita-style Olympic skater. (The Italian Contessa is an all-too-brief cameo by Cassandra Harris, whose stylishly collapsible sophistication is the film's only female match for Moore). Worst perhaps of all, the pre-credits action showpiece, which usually brings the house down, is a dully choreographed and over-long helicopter romp.

Moore performs creditably, gallantly speaking witless lines with an air of wit, although in the love scenes his tendency no longer to resemble a spring chicken causes problems when he's caboosed with nubile and idolising teenagers. Far better the Contessa, with her slipping accent and her hint of a Past. Meanwhile the screen erupts ever and anon with those famous chase scenes in which plausibility hightails frantically after ingenuity. Cars hairpinning down a Greek mountain road; skis, bobsleigh and a motor-cycle pounding over the snows of Cortina; underwater hi-jinks with deep-sea-diving Bond menaced by a pincer-clawed villain in Falstaffian scuba-suit.

"James Bond will return in *Octopussy*" announces the film at the end. But high standards will have to be restored and maintained in the series if this traditional closing title is to remain a promise and not become a threat.

Ingmar Bergman's newest opus, *From The Life of the Marionettes*, is not a puppet film: although it might be described as the dark night of the Muppet Show. Heredity, upbringing, childhood joys and traumas are the strings or hands that manipulate us as adults, says the dark Swede in this his latest expatriate film, made in Germany.

The word of Bergman on the human psyche might or might not pass muster with the mass of psychiatrists, but when made flesh in his best films it has a thunderous pain and power. *From the Life of the Marionettes*, in which the soul of a young man accused of killing a prostitute is peeled open, layer by layer, scene by scene, is scored on to the screen in that primal Gothic black-and-white that Bergman used for *Hour of the Wolf*. Each of the main characters—Peter the "hero"; his wife Katarina with whom he has jagged, despairing rows; Tim, an aging homosexual friend; Jensen, Peter's Mephistophelean psychiatrist—seems to carry with him an Ariadne thread from his own beginnings into the darke maze of the present and future. How do the threads cross, connect, intertwine? In the dark, how does each person know that he still carries his own and isn't twitching another's life and memories as he presses forward?

Though the confessional "monologue" is Bergman's chief instrument here for paying out or winding in the past, it's never a talking-heads film. The way his people look, move, are lit is as urgent as what they say—from the sinister, stately, mandarin circles in which a police officer paces round his client to the marvellous scene in which Tim, gazing ruefully at his face in a mirror, starts to pull the skin every which way, turning wistful cosmetic improvements into nightmare gargoyle contortions.

Besieged by chiaroscuro, Bergman's characters have become almost as Gothic and ghostly as the spook mariners in John Carpenter's *The Fog*: their "deadlight" eyes shine out from skull-like heads, they're operated by some grim remote-control predestination—formed by their own and others' pasts—and the paraphernalia of *grand guignol* doom hangs over their heads as surely as in any horror film.

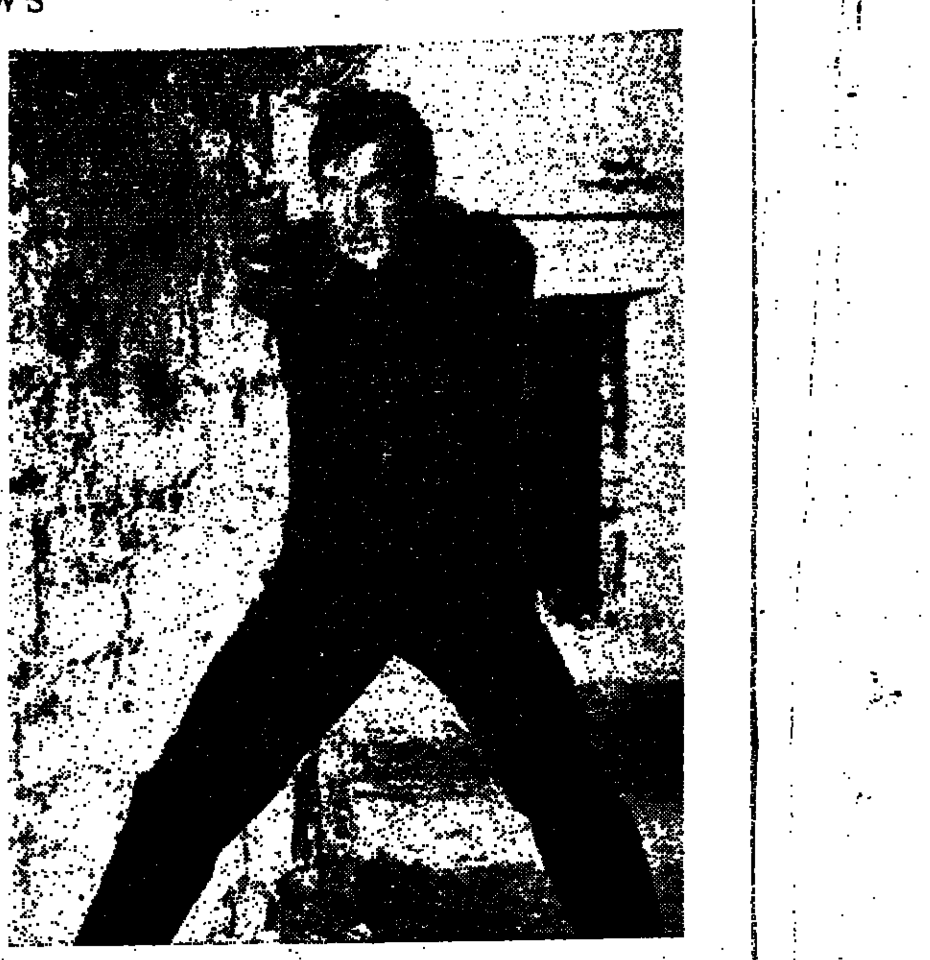
★

In *All Night Long* Barbra Streisand moves in mysterious mauves: mauve jump-suit, mauve eye colour, mauve cigarettes. This "romantic comedy" in which adulterous love burgeons between middle-aged misfit Gene Hackman and spunky housewife Ms Streisand is also made in mauve: metaphorically speaking. It's neither thrilling pink nor fiery red, but something weird and not very winning in between.

Hackman's weary, crinkle-grinned face has long been cast as the world's punching-bag, and here he makes his drop-out, philandering executive, demoted after a flare-up with his boss to managing one of his manufacturing company's all-night drugstores, into a wondrously forlorn figure, part ruin, part roué. But he's bestriding a terrible wreck of a comedy that never gets its tone or timing right. Streisand peeps up from the debris like a mouse from the rubble, nose foremost and eyes blinking at the light, seeming to wonder what on earth she is doing here.

Playing one of her speciality "kooks"—as in *The Owl and the Pussycat* she's an evangelist for madcap self-expression—she seems to have forgotten to bring her kookiness to the set. She's demure, preoccupied, etiolated.

Nor is she alone. So half-throttle are the film's motor-power and motivation that one never knows if Hackman's family troubles—with brave-but-bitter wife Diane Ladd and womanising son Dennis Quaid, who's in competition with Dad for Miss Streisand—are there to be laughed at or compassionated over. And when Hackman "drops out" a second and conclusive time, quitting his supermarket job for a Bohemian life as an "inventor" in a rented loft, joined by a Streisand still goofballing disengagedly, *All Night Long* grinds to an almost total stasis. The screenwriter was W. D. Richter (*Invasion of the Body Snatchers, Dracula*) and the director, making his first feature, one Jean-Claude Tramont. Best forgotten, if not so easily forgiven.



Roger Moore as James Bond

★

The new connoisseurship for moviegoers is in homicide. "*Happy Birthday to Me*," says the Press blurb, "presents six of the most bizarre murders seen on the screens in recent years." Experts will no doubt be able to sift through them like fine wines. Killing number one—a young man's throat crushed by falling bar-bells: an impudent little murder this, full-bodied with just a hint of tart originality. Victim number two, stabbed through the mouth with a kebab skewer: a bit of a throat-smarter this, with a challenging sting and an after-taste that doesn't linger. Killing number three, a stomach-impaling, killing number four . . . and so on.

These diversified atrocities are enacted for us in a wealthy American college where Glenn Ford is psychiatrist-in-residence, much overworked, and Melissa Sue Anderson his suffering teenage patient, whose best friends are shuffling off this mortal coil at the rate of about one every ten minutes. As one incredible plot twist gazumps another, there is scarcely enough credibility left in the film for it to hobble from one set-piece butchering to the next. Veteran J. Lee Thompson directs with a full-scale Gothic commitment—thrashing storms, sinister silhouettes, tom-tomming soundtrack — that must be esteemed either courageous or lunatic.

Condorman is even worse: Michael Crawford with do-it-yourself wings Oliver Reed with do-it-yourself Russian accent in a low-flying Disney romp about spies. Deeply embarrassing—even the wires show—spare the children.

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Rising cost of defence

IT IS important to get the Government's latest defence review in perspective. Mr John Nott was appointed Defence Secretary early this year with the task of controlling expenditure. He has now produced his first proposals which contain some significant changes in emphasis: for example, a reduction in the maritime surface fleet and an enhanced front-line capability. But the problem of the escalation of defence expenditure remains. We have been here before and the odds are that, unless more radical measures are taken, we shall be here again.

Rhine Army

As Mr Nott told the Commons yesterday: "We have a defence programme which is unbalanced and over-extended. Last year we suffered from severe cash problems; and similar difficulties are already emerging in the current year." Defence spending is not being cut. On the contrary, it is again going up. As Mr Nott admitted, it may be that defence will absorb an even greater share of gross domestic product in the next few years than in the past. The problem is that we are spending more and more to acquire less and less and doing so at a time when Soviet military power continues to increase.

The merit of the Government's statement is that at least it begins to acknowledge that this problem exists. Within limits Mr Nott has taken a number of sensible decisions. We welcome the determination to maintain the British Army of the Rhine at at the level of the Brussels Treaty commitment. (In fact, it is at present slightly over-strength and will come down by about 2,000 men to 55,000). To have acted otherwise would have been to risk creating a hole in the strategic centre of the alliance, as well as untold political consequences.

Competitive

The closure of the naval dockyard at Chatham has been contemplated for many years, but was always postponed because of the effects on employment. The Government will achieve no popularity for going ahead now, and is already being attacked by its own side for doing so, but we applaud its courage.

Equally, if cuts in equipment had to be made, the surface fleet was the prime candidate. The Army is already under-equipped and air defence is only just being built up after a period in which it seemed that a conventional air attack on Britain was unthinkable. The extended range and improved quality of the Soviet conventional air force requires a response.

Mr Nott made the point that if we want to build a reasonable number of new ships in the future, we must devise much cheaper and simpler designs than the Type 22 frigate: even the modernisation of an existing frigate can now cost up to £70m. It seems to us, however, that the point is of much wider application. It is not just the cost of frigates that is going up; it is the cost of defence equipment in general. And it is not just a British problem: it extends throughout the alliance.

Difficulties

There are several possible answers. One is to encourage more competitive tendering for defence contracts, including competition from abroad. It would be interesting to have a Japanese estimate for the new Type 23 frigate. Another would be to go for simpler equipment in the first place, but more of it, and to stop the frequent changes of specification in the middle. Yet another would be to seek a greater degree of alliance specialisation. The old answer of collaborative projects has not proved entirely satisfactory. It is the rising cost of the Tornado programme, for instance, which has created such difficulties for the German defence budget. Specialisation might be cheaper than sharing.

These are matters for the alliance as a whole and the sooner the alliance begins to discuss them the better. Until it does, Mr Nott will have produced no more than an interim solution to a recurrent problem.

A good start on EEC reform

THE EUROPEAN Commission's paper on the Community's budgetary and farm policy problems, which will be discussed for the first time at next Monday's European summit, is replete with some of the richest examples of Euro-babble ever to have emerged from the Berlaymont building in Brussels. Yet taken as a whole, the document represents a reasonable, if timid, starting point for negotiations which are expected to last for most of the rest of the year.

Exercise

From the British point of view, the whole purpose of this exercise has been to find a long-term solution to the distortions produced by the Community's budgetary rules, whose untrammelled effect is to place a wholly excessive financial burden on the UK. It might have been tempting to look, in the Commission document, for a precise and detailed formula for achieving this end, but the Commission has wisely resisted this temptation. Instead it has confined itself to the general principle that there should be a "fairly high level" of compensation for the gap between Britain's share of farm policy receipts and its share of Community GNP. At this stage in the game, principles are more important than percentages.

The Commission may have been much less wise, by contrast, in treating the budgetary issue as if it were exclusively a British problem. This is certainly not the view of the German Government, which feels that it too makes an excessive budgetary contribution, nor is it the view of the British Government, which has argued that equity and the cause of European integration demand that no country should win or lose too much in relation to its share of Community GNP. The Commission seems to have taken the view that Germany has benefited from Community membership in many other ways and should be prepared to pay for those benefits, whereas the British balance-sheet, economically and politically, has so far been rather negative. But it is dubious whether the German Government will reach the same conclusion.

Part of the force of the British argument lies in the expectation that Portugal, when it joins the Community, could be a net contributor to the budget, even though it would be one of the very poorest members of the Community. But it is one of the most serious weaknesses of the Commission document that it says virtually nothing about the next phase of enlargement, when Spain and Portugal will raise membership to 12. It must be obvious that any long-term budgetary settlement needs to take account not merely of the current British problem but also of those which could arise as a result of enlargement. A purely British settlement will not be worth much if it has to be reopened in a couple of years' time.

Indications

But the heart of the budgetary problem is the extravagant cost of the Community's farm policy, and here the Commission's ideas for reform are constructive and rather far-reaching. A narrowing of the gap between Community and world prices (which in practice means a reduction of Community prices in real terms), and a loosening of price support guarantees for products in structural surplus, should help to curb both the production explosion and the cost of the common agricultural policy: an opening of the door to income support for some of the poorest farmers should make it easier to base pricing decisions on supply and demand, rather than on the income needs of the most backward segment of the farming industry.

Proposals

It is, of course, too early to guess whether anything along these lines has a chance of being accepted, let alone whether, if accepted, it has any chance of being implemented by the farm ministers. Preliminary indications from France suggest that the new government may be more open to farm reform than its predecessor. But the Commission will need to be a sight more determined in standing by its proposals than it was earlier this year, when it abandoned all its suggestions for curbing surplus production at the first cry of protest from the farm ministers.

Of bankers and ballistic missiles

Ian Davidson, Foreign Affairs Editor, argues that yesterday's British defence review highlights the continuing controversy in the Atlantic Alliance over the right response to the East-West crisis. American hawks clutch after rearmament, European doves yearn for arms control and detente. But neither recipe will lead to a politically more stable world. By contrast Poland is one area where the West cannot avoid some responsibility for the course of events and has an opportunity to help reduce instability in Europe — and to restrain the Russians — with an emergency financial aid package. It is an uncertain venture, but less sterile than the current Alliance controversy.

IN 1898, when Russia was well behind in the arms race that was under way in many more developed countries, Czar Nicholas II issued a call for an international arms control conference.

At first the United States was unenthusiastic, because it felt it too was behind the Europeans in armaments. The conference nevertheless went ahead next year in the Hague.

When it concluded, it had voted unanimously to ban the launching of explosive projectiles from hot-air balloons for a five year period, by 22-2 (UK and U.S.) against the use of dum-dum bullets, and by 23-1 (U.S.) against the use of asphyxiating gas.

At that time, neither aerial warfare nor asphyxiating gas was at a usable stage of development: both were used 15 years later in the Great War.

The motives of Mr Leonid Brezhnev, in calling for a resumption of arms control negotiations with the West, are rather different from those of his imperial predecessor. On the one hand, the Soviet Union is definitely not behindhand in the arms race, and insofar as measurement is possible and meaningful, it is arguably ahead in some categories.

But Moscow may well be anxious that the Reagan Administration's determination to build up America's defences could reverse the position, or at least precipitate the kind of arms race which Russia is probably less well able to afford.

On the other hand, Brezhnev's appeal to "Western legislatures" is clearly aimed at least as much at the capitals of Western Europe as at Washington. The Atlantic Alliance is already showing signs of serious disagreements as to the relative priority to be accorded to defence improvement and arms control negotiations. Yesterday's British defence review is the latest manifestation of this.

Mr Brezhnev has little reason to suppose that his appeal will have much impact in Washington, but he may reasonably hope that it will intensify the stresses between Europe and America.

European pre-occupation with arms control is easy to understand. The serious deterioration in East-West relations has conjured up the spectre of war. Afghanistan has shown that the Soviet Union is prepared to use force to achieve its political objectives, and its threats to Poland repeatedly raise the question of an even more menacing outbreak of violence in Europe itself.

The steady build-up of Soviet arms is itself a threatening development, symbolised in the current controversy particularly by the Russian SS-20 missiles which are targeted on western Europe.

The trouble is that the doves in Europe seem to be overloading arms control with expectations which it cannot fulfil. As Lawrence Freedman argues in his most persuasive *Arms Control in Europe*, just published by Chatham House.

Arms control negotiations *may* succeed in codifying some kind of balance or parity which already exists or—more important—is perceived to exist, as in the case of the first Strategic Arms Limitation Treaty (Salt I) of 1972. But there is no reason to suppose that they can rectify the situation when there is a serious imbalance or perceived imbalance.

For eight years now the West has been trying to rectify the imbalance in conventional forces in Europe through the MBFR negotiations in Vienna. No progress has been made, because the Russians simply deny the disparity. They do not wish to reduce their forces, and do not fear an increase in Western forces. The outcome of the current British defence review shows how right they are, from their point of view.

Similar problems are likely to undermine European efforts to launch a negotiation on long-range theatre nuclear weapons in Europe (LRTNF), according to Freedman. These are weapons which can strike the Soviet Union from Western Europe or vice versa. Nato's decision, in December 1979, to modernise its LRTNF with the introduction of Pershing II and ground launched cruise missiles, was linked at European insistence to the principle of negotiations with the Russians.

Unfortunately, the Soviet Union already has a marked superiority in these weapons, and will continue to have a large lead (as measured by warheads) even if Nato implements its modernisation plan in full.

A negotiation designed to secure effective parity would require either a reduction in Soviet strengths, or a further increase in Nato deployments, neither of which seems likely. Meantime, the Russians have, from a narrow point of view, no incentive for curbing their SS-20 programme, since there remain serious questions whether political resistance in Germany and the Benelux may not in the end prevent the installation of the new Nato weapons, with or without a negotiation.

If negotiations do take place, Nato has stipulated that they should be in the context of Salt. This is partly a question of alliance symbolism: the Europeans do not want an entirely separate negotiation which could seem to imply a decoupling of nuclear weapons in Europe from the U.S. strategic forces, and thus suggest the possibility of a war confined to Europe. But it is also a recognition of reality.

There is no self-evident dividing line between "strategic" weapons and the others—from the point of view of the person targeted the distinction is meaningless—and it may be impossible to reach any agreement on TNF without a settlement of the deadlock over strategic arms.

The solution, in Freedman's view, is that the LRTNF and Salt negotiations should be completely merged. If this included a freedom-to-mix arrangement, the Nato countries could sort out the proper balance between theatre and central strategic forces between themselves, and the symbolic commitment of U.S. strategic forces to the defence of Nato would be strengthened.

But there is also a political reason for a Salt-TNF merger: it would link Europe's desire for a TNF negotiation with Russia's desire for a Salt agreement, and thus create some incentive for Soviet concessions on TNF.

Unfortunately for such a scheme, the American Achilles is still sulking in his tent, and Mr Eugene Rostow, the new chief U.S. arms controller, says that Washington will not be ready to talk about Salt or TNF for nine months.

Yet the real problem with European anxiety for arms control is that it seems to be based, at least in part, on an inchoate assumption or hope that negotiations would turn the clock back 10 years to the hopeful period of detente, as if they could resolve the manifold political problems which lie behind the current state of east-west tension.

This illusion has its mirror-image in the U.S., where there is a tendency to imagine that Washington can secure modifications in Soviet behaviour by *withholding* arms control negotiations. Both illusions place an unsustainable burden on arms control, and when they are exposed they will only make the political problems worse.

Meanwhile, these conflicting illusions are generating mutual antagonism between Europe and America. The Europeans can see through the futility of America's negative "linkage" with arms control, the Americans are increasingly inclined to write off the Europeans as "neutralist" or worse. In so far as there are neutralist tendencies in Europe, they are partly a reaction to the Soviet threat, partly a response to Reaganism.

European fears about instability on the European central front, or about the dangers of uncontrollable nuclear war, cannot be assuaged by TNF negotiations, because that is not what TNF is about, but only by political decisions which directly meet the threat. Freedman's mini-catalogue includes more communication with the Russians (for the sake of more predictability), the unilateral prohibition of battlefield nuclear weapons in Western Europe (to raise the nuclear threshold), and stronger conventional defence. All rather sensible—except for the question of cost . . .

For the time being the Euro-pean-American controversy over détente versus defence is being contained within manageable limits, but there is no saying that it will continue to be contained without a significant improvement in East-West relations. When the true economic costs of the U.S. rearmament programme start to sink in a year or two from now, and when President Reagan has to face the fact that his objectives cannot be satisfied without re-introducing conscription, American irritation with Europe's much more modest defence efforts may well turn to anger.

The political problem is to find some way of reducing East-West tension, not by so-called "neutralism," but by actions which have some chance of restraining Soviet behaviour and of making it more predictable, and thus of satisfying American desires for "linkage." If that were the order of events, there would be a better chance of arms control negotiations.

The difficulty with the "linkage" concept is this: how do you create an organic connection between a western carrot or stick and the particular element of Soviet behaviour you want to influence; and which is the element of Soviet behaviour you most want to influence?

It is obvious that arms control negotiations, whether offered or withheld, will by themselves have only the most indirect influence on Soviet behaviour in El Salvador or Angola and perhaps none at all if the Americans conclude that an arms control bargain would be in America's interest.

There is one area where organic linkage is not only possible but even unavoidable, and that is Poland. The West has already warned that it will impose economic sanctions if the Soviet Union invades Poland; what it has not done is work out a corresponding set of inducements which could reduce the incentives for a Soviet invasion.

Western governments have already rescheduled some of the Polish debt repayments falling due this year and western banks are still struggling over a rescheduling of Polish commercial debts. But that is by no means the end of the story.

If the Poles are to climb out of the hole they have dug for themselves, they will need new money to finance current imports for several years ahead, and that essentially means new trade credits; to judge from their foot-dragging on rescheduling of existing debt, the banks will not be lending any more until the Polish economy does show real signs of recovery. The only possible source of western credits will be western governments.

There is a tough-minded view in some British circles that the Poles have only themselves to blame, that their economic problems may in any case be insoluble, that Western Governments are strapped for cash, and that any spare cash would be better spent on Turkey or Zaire. The trouble is that tough-mindedness is not a cost-free policy.

Cutting off any new money would make the Poles wholly dependent on the Rusians, with unpredictable consequences. Would Moscow starve them into submission? Would economic hardship lead to a breakdown of law and order, thus precipitating a Soviet invasion? In dire straits, would a Polish Government be obliged to repudiate some or all of its Western debts *despite* Moscow's reluctance to jeopardise its own creditworthiness?

The permutations are incalculable, but it requires heroic optimism to suppose that the Russians would both underwrite the hard-currency debt and provide new hard-currency credits.

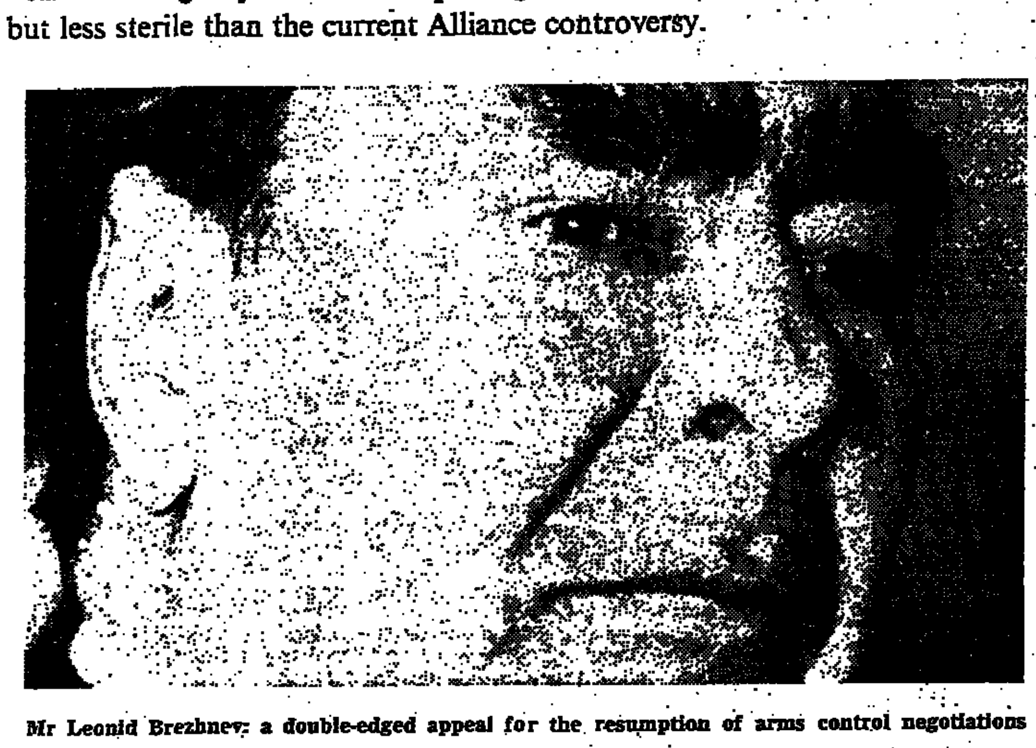
Additional Western credits might therefore offer the best hope of protecting the $26bn already invested in Poland, as well as the best hope of protecting the political renewal now precariously under way. But of course new credits would have to be subject to conditions, otherwise known as linkage: no Soviet interference, no infringement of Helsinki human rights, some financial contribution from Moscow, and steady improvement in economic performance.

Lining up Western Governments on such a programme would be daunting, but not perhaps any more daunting than doing nothing. Above all, it would provide long-term linkage with Soviet behaviour over Poland, because the Poles will need balance of payments help for several years; yet at any moment Western help could be replaced by Western sanctions if the conditions were broken—and it would not be necessary to negotiate the conditions with the Russians, only to agree ad hoc in the West.

Some would shy away from what could be described as a financial Yalta, an attempt to move the iron curtain several hundred kilometres further east. But time for hesitation is running out, as Poland's urgent request for $500m from European Community governments sufficiently indicates.

Within a matter of weeks, at most, Western Government will have to come up with a policy, and since the Community summit on Monday will say little of significance about reform of the farm policy, it could do worse than talk seriously about Poland. Obviously, it's a big gamble, but at least it is not doomed to failure like the attempt to tackle the East-West crisis primarily through arms control negotiations.

Arms Control in Europe, by Lawrence Freedman. RIIA £5.



Mr Leonid Brezhnev: a double-edged appeal for the resumption of arms control negotiations

MEN AND MATTERS

Riding high

It was just another day. The Grumman Gulf Stream II executive jet pointed its nose northwards through the morning sky. Was there an urgent telephone call I ought to make to Nairobi? A vital telex to Curacao? They could keep. I settled into the beige seat, one of ten designed to accommodate the portly tendencies of prosperous captains of industry, and enjoyed a politely-served cup of coffee. Company annual meetings can be tedious, of course, but one does what one can to ease the strain.

Something good on the television, perhaps? Or a shower to freshen up before arriving in Glasgow? I turned to mull over the state of the world with my neighbour.

"Mexico," he snapped, "that's where it is happening." He was, apparently, involved in the building trade out there. Hotels, offices, large-scale redevelopment, perhaps a few other things. A cabin door sported a wooden carving of a map of Africa—"Africa has been good to us," he remarked.

There is no point trying to fudge the cold truth any longer. The neighbour was, of course, that columnar favourite Mr Rowland. "Tiny" Rowland, and, thanks to his and Lonrho's generosity, I was spared the red-eye special from Euston to make the midday House of Fraser meeting.

And what of Fraser, after the Monopolies and Mergers Commission has had its say? "We shall be back. We always come back. We do not give up and we do not go away. We need problems, we have not got enough."

But the headache-hunting Rowland is not without his soft side. His American business partner and multi-millionaire Daniel Ludwig turned 84 this week, and was no doubt cheered to hear Rowland sing "Happy Birthday" to him down the telephone.

It is perhaps in part Ludwig's example that Rowland derives his conviction that age shall most certainly not weary them, at least in the business world. A good age to start out in commerce, opines Rowland, is 65. Mr Rowland is 64.

"Hold it—don't waste the champagne"

Pitch blacked

Lloyd's will insure anything, we are told, but its latest foray into the exotic may be turning out to be more complicated than it bargained for.

It was Lloyd's which wrote the bulk of the $50m insurance that U.S. baseball team owners took out to protect themselves against losses caused by the strike which has now halted the game for 15 days, to the anguish of millions of fans.

But while negotiations grind on to sort out the arcane issues behind the strike, the baseball umpires, among its many involuntary victims, have grown restless. Earlier this week they sued for a temporary restraining order to block the payment of the insurance on the grounds that the pay-out is encouraging the baseball owners to negotiate in bad faith.

They got their order, and there will be another hearing today to see whether it should be upgraded into a permanent injunction.

Peter Leitch, president of Reed Stenhouse Inc., the brokers which placed the insurance, said the baseball owners had taken out a business interruption policy which pays them $100,000 for every cancelled game. The money is paid into a central fund, and it is up to the team owners who gets how much.

Since there are between eight and 12 games a day, the daily pay-out by underwriters could amount to over $1m. No money had yet changed hands because the policy was only triggered on Wednesday and it takes two days for the pay-out to be made.

Tower bridged

"Just a moment," said David Backhouse, chairman of Pall Mall banking group Dunbar, "and I'll see if we are financing the Pope." Not that Dunbar is intimately involved in Vatican affairs, but it does number among its shareholders and clients agent and impresario Mark McCormack, who, apart from representing a who's who of sporting personalities, has also tied up marketing for the forthcoming Papal visit to Britain.

Dunbar is something of a celebrity-studded bank, numbering actor Sean Connery among its founding investors. Not that Backhouse's record is without its own star quality. He joined the bank in 1973, and kept its earnings moving steadily ahead even through the troubled mid-seventies. In December last year it secured a quote on the Unlisted Securities Market, showing a 1980 profit of £363,000 before tax.

Yesterday saw another step forward for Dunbar with the acquisition of Tower Fund Managers, which has over £36m of predominantly private clients' money under management.

Brian Banks, who founded Tower in 1976, will have over £200,000 in Dunbar shares and a seat on the Board. But it would be difficult to imagine financial backgrounds more diverse than those from which the two businesses spring.

While Dunbar may be a relative newcomer, the Backhouse family's involvement in banking goes back to 1774, and David Backhouse has what amounts to a museum of memorabilia to prove it. The family bank started in Darlington in that year, and in 1896 merged into the Barclays group. David Backhouse's brother is with Barings, his uncles with Barclays and Hambros, and his father was with Schroders.

Banks's financial expertise is of a more recent vintage. A City analyst, he joined Slater Walker Securities in 1968, and rose to a seat on the Board with investment management responsibility.

Sax appeal

The ink barely dry on Richard Branson's cheque for the Gardens nightclub, I now understand the youthful Virgin Records chairman is in pursuit of Ronnie Scott's, the Soho jazz club that came up for sale last month.

Branson, whose record shop and rock music empire skyrocketed with the signing of musician Mike Oldfield, has recently been using his excess liquidity in a major diversification drive.

Among several ventures under discussion at the company's Ladbroke Grove office is a plan to launch a new entertainments guide magazine called Event, with a view to picking up the homeless readership of Time Out, which has now been off the streets for six weeks due to an industrial dispute.

Observer

David Lennon, in Tel Aviv, says that one question dominates next week's Israeli election

Are you for or against Begin?

THE RITUAL chanting of "Be-gin, Be-gin, Be-gin, King of Israel," by the ecstatic supporters of the Prime Minister has dominated the unusually violent Israeli election rallies, just as the personality and leadership of Mr Menahem Begin has become the dominant election issue.

As Tuesday's poll draws closer, policies, platforms and ideologises have been cast into the shade as the campaign focuses on one key question: Are you for or against Begin? The answer which Israel's 2.5m voters give will have a critical bearing on the future stability of the Middle East and the internal cohesion of Israel.

The opinion polls give Mr Begin's Likud bloc a slight edge over the opposition Labour Party in the 120-member Knesset and thus it would be asked to form the next coalition. In the last election Likud won 45 to Labour's 32 seats. Possibly as many as a dozen smaller parties will also make it into Parliament, each of them hoping to hold the balance of power in the subsequent haggling which could drag on for months.

Mr Begin's party wants to retain control over *all* of the occupied West Bank and Gaza Strip, a policy likely to perpetuate regional tensions and endanger the peace process started by President Anwar Sadat of Egypt. It is far from certain that the Labour Party's offer of territorial compromise on the West Bank will meet with any greater acceptance by the Arabs. But it does offer some room for negotiations.

Despite the long-term importance of this issue, it has not played any significant role in the campaign. Even the complex problems of the economy have been less crucial in the pre-election arguments and debates than would have been thought likely, given Israel's world record inflation and lack of economic growth.

Despite changing its Finance Minister three times, Likud has shown little signs of being able to take the firm measures necessary to reverse the economic trends. In the past few months the latest minister, Mr Yoram Aridor, has spent billions of shekels on subsidies and slashed purchase tax on a wide range of consumer durables in an attempt to lower prices. This has had a limited impact on inflation but has not been accompanied by any serious attempts to institute an overall economic plan. As an election ploy, however, it has had considerable success.

The Labour Party by contrast has a fairly clear policy aimed at restarting growth through incentives to industry and especially exporters, while combating inflation by curbing government spending. Though it seems to have a more constructive programme for solving the country's economic ills, this does not appear to have won it much support from an electorate cushioned against inflation by a system which links *virtually everything* to the cost of living index.

Only too well aware of his Government's poor record on the economy, Mr Begin skilfully distracted the public from this and other domestic issues by a series of declarations and actions which have attracted world attention and focused the election campaign on his own remarkable personality.

He began the campaign with a blistering attack on West German Chancellor Helmut Schmidt, who he accused of aiding the Nazis. He followed this up by threatening Syria with war over Lebanon, and then delighted Israel and stunned the world by ordering the Air Force to destroy Iraq's nuclear reactor.

Labour protests that the Premier was insulting Israel's European supporters, indulging in unnecessary brinkmanship with Syria and acting impetuously over Iraq cut little ice with the electorate. The Labour Party is now deeply worried that it will not be able to regain the national leadership which it lost in the surprise 1977 Likud victory.

Issues such as rising crime, emigration and unemployment, the increasing polarisation of society, falling foreign investment and the growing defence burden have hardly had a bearing.

Outmanoeuvred by the Premier's tactics, the Labour Party has been forced to fight the campaign increasingly on the leadership issue and to spend less and less time emphasising the numerous *failures of the Likud Government* and Labour's alternative policies.

The contest has been unequal because Mr Begin is a spellbinding public speaker who can whip his followers into a frenzy of enthusiasm and cut his opponents to the quick with sharp barbs. Against him stands Mr Shimon Peres, the Labour Party chairman. Mr Peres has little charisma, is a pedestrian speaker and suffers from a public image of man whose pragmatism undermines his credibility.

Because of this, Labour has had to spend more time attacking Mr Begin than promoting its own leader. The Opposition's campaign has focused on the question: can the country afford another four more years of rule by Menahem Begin, the rabble-rousing demagogue who takes decisions without due consultation or consideration for their long-term consequences and whose followers physically attack Labour candidates and supporters?

Israeli society has been moving to the Right and this is clearly reflected in the steady erosion of support for Labour and Likud's gradual improvement over the last half a dozen elections. Now it is the middle and upper classes, as well as the intellectuals and the better educated, who support the Socialist-oriented Labour Party, while the poorer and less-educated have been voting Likud.

Having ruled uninterruptedly for the first 29 years of statehood, the Labour Party became the establishment, with the politically hawkish and economically conservative Likud as the representative of the politically discontented and economically underprivileged.

Modern Israel was created by Jewish immigrants from Europe who still dominate its cultural, social, economic and political life. But the massive waves of immigration from the North African and Middle Eastern states in the 1950s mean that the majority of the Jewish population is of Oriental, rather than European, extraction.

These Oriental immigrants and their now grown children were looked down upon and patronised by the European establishment. Even today, many still feel like second-class citizens; they are often referred to as "the second Israel" and they tend to predominate in the poorer areas and to have lower educational and vocational attainments than the dominant European-Ashkenazi elite.

> More than half of the population did not think democracy was the only acceptable form of rule for Israel, a recent study showed.

There is a standard Israeli joke: "Two Jews—three political parties," which wryly encapsulates the diversity of political opinion in Israel. With 31 parties contesting the election, the platforms offered run from the Communists who want a Palestinian state set up, to the extreme Right which opposes the peace treaty with Egypt and wants to see an Arab-free Jewish state from the Nile to the Euphrates.

If Labour has failed to convince a majority of the voters that it is a revitalised party which has learned the lessons of the 1977 defeat, the voters have also not *forgotten* the poor performance of the Likud Cabinet

Because of this opinion polls were showing almost a quarter of the voters as undecided even during the closing days of the campaign.

However, the polls show that *few of them have managed to* capture the public's imagination. Even the charismatic *Moshe Dayan*, the former Defence and Foreign Minister, now heading a new party, is given only three or four seats in the next Knesset by the opinion polls.

This may complicate the coalition-forming process, especially if neither Likud nor Labour get more than 45 seats, although Mr Begin would probably find it easier in that situation than Mr Peres. This is because the Right-leaning small parties will probably pick up more seats than the Centrist and Left-wing parties.

There may well be a growing disenchantment with all political parties. Some Israeli commentators have been expressing concern over the implications of a recent study which showed that more than half of the population did not think democracy was the only acceptable form of rule for Israel.

Already some former Army officers have been sounding out the degree of support that there might be for a strong, non-elected government which would undertake to tackle the country's major problems, unfettered by the restrictions that democracy puts upon the executive.

While this danger still appears remote, it could become less so if Tuesday's election result makes it impossible to form a workable coalition, or if a future government is forced to take decisions concerning the West Bank which would be violently opposed by the Jewish settlers there.

There are numerous fascinating questions about the Israeli mood which the elections may answer: was the Likud's surprise 1977 win an aberration or will it be returned to power, confirming the national swing to the Right? Is toughness on security issues, as represented by Mr Begin, more important to the electorate than good economic management, as represented by Labour? How will the New Oriental Party campaigning on a strictly ethnic platform fare and how much support is there for the Anti-Peace Party? How will the election results affect the peace process?

There are quite a few people here, including Mr Ezer Weizman, the former Defence Minister, who believe the public will not give a clear answer and that the vote will be so divided that no workable coalition can be formed. In that case, there would have to be a national unity Government including both Likud and Labour, or new elections would be held within less than a year.

Menhahem Begin: a spell-binding public speaker, directing sharp barbs at his opponents

Letters to the Editor

Trade union reform

From the Director General, Institute of Directors

Sir,—Your leader of June 23 (Reforming the Trade Unions) rightly emphasised that employers have the prime responsibility for improving industrial relations. But in so doing, I believe you understated both the role of legislation and the degree of support which exists within industry for further industrial relations legislation.

It may well be that strong, centralised unions no longer exist in most sectors of industry and that power has been devolved to the shopfloor. The Institute of Directors believes, however, that legislation is still necessary to make trade unions accountable for the actions of their officials and members. Unofficial industrial action often starts in the expectation of subsequently receiving official blessing; management initiatives designed to contain unofficial action can be thwarted by subsequent official intervention; and industrial action can still be spread very widely through centralised trade union activities.

Amendments to the existing law, be it on the accountability of trade unions or on the enforcability of procedure agreements, would help trade unions to rationalise their structures and would discourage the irresponsible use of industrial muscle. More importantly, they would help to overcome some of the major constraints which lie in the way of improving economic performance.

It is quite clear that far from wishing solely to curb specific abuses, large sections of industry support the more wide-ranging proposals made by the Institute and other employers organisations. An extensive survey of our membership showed that just under 90 per cent of the respondents favoured our proposals being implemented by legislation in the 1981-82 session of Parliament. Some 45 per cent of the replies came from managing directors, of which 92 per cent were in favour of immediate legislation. Since the replies to our survey (which is set out in an Appendix to our Submission on the Trade Union Immunities Green Paper) came from directors of a wide diversity of firms (both in terms of size and activity), it does, I think, provide convincing evidence of the strength of industry's feeling.

Walter Goldsmith.
116, Pall Mall, SW1.

Gloves on bare knuckles

From Mr Frank Whitehouse

Sir,—You are absolutely right in your Leader of June 23 to be against a bare-knuckle fight with the unions to decide who runs industry.

The fight to the death attitude simply doesn't pay. And one way or another both sides must come to realise that only a little fighting is quite enough.

Years ago my mates and I were driven back to work empty-handed and bitter after an 18 weeks' strike during which most of us had pawned what was pawnable, ran up all the debt we could and cadged to the limit from relatives and friends. We swore we'd make somebody pay for our sufferings—and we did. We took the long way round to everything, we made dumb insolence into an art. We finished up with special bonuses way above the rise we had struck for. It was my first lesson in shop floor power. I was 18.

With the present power of the unions and their extravagant expectations it seems daft to say that it's largely up to the managers or employers to reduce enmity and bloody-mindedness in industrial relations. But no one else has either the spur or the capability for the job.

Only they can bring the necessary realism into the relationship. Only they can demonstrate that ultimately only the shop floor loses out. They do it in my view by insisting day in day out that production is for profit. Without it the business folds. And the Government should not be asked to save it. That way business ceases to be for real. We're heading for disaster.

It's no use saying men will not see, will not listen. It's not true. The proof of it is in the number of recent low wage increases, in the dropping of this and that restrictive practice, in the defiance here and there of rebel union advice. This is not the time to stop plugging away at what business is made of.

It's increasingly accepted that there's more to output than brawn. That management counts. That somebody must find the money in the first place. That the Government has nothing of its own and can only rob Peter to pay Paul.

Which makes it that the employers never had a better chance to go in and win, or rather get the country's output where it ought to be and have an understanding of who gets what at the share out.

It's a *job no legislation* can do, but it's the job crying aloud to be done.

Frank Whitehouse.
135 Ecclesfield Road.

Dicky bird strikes back

From the Warden of Glasgow University

Sir,—In deference to the ivory-tower theory of Mr Thorne (June 23) I had better reply clad in my other hat. I had hoped to suggest, in my mild way, that a number of company chairmen went for overkill last year, seeking to disguise management shortcomings as the inevitable results of Government policy. Good managers continually look ahead, see and plan for possible adversities, never over-reach themselves and react quickly and flexibly when trouble looms. Those less effective achieve few or none of these goals, and when they can no longer cope they lash out wildly at any target but themselves.

I was particularly sad earlier this year when ICI, which I regard as a company with sound management, appeared to react to temporary adversity in exactly this latter fashion, with great attendant publicity. I presume that the chairman will feel some twinge of embarrassment as he announces an out-turn of more than £300m pre-tax at the year-end.

Mr Thorne shows an enviable capacity for compassion for the corporate walking-wounded in the face of ever-diminishing adversity which I just cannot match. I do not accept the "Things have never been so bad" philosophy and tend to look to defective management for much of the malaise. In this regard, the letter from Mr Whitehouse (June 23) mirrored my sentiments.

No, Mr Thorne, well-managed companies such as BOC, GEC, Pilkington (and, yes, ICI) are not flat on their backs. I remain "unconvertible" (in the company of BOC again, I note), but did enjoy Mr Troy's fable.

Dr. A. Scotney
Secretary
Ruth and Pitty
(Wine Merchants),
232, Vincent Street, Glasgow.

Export and be damned

From Mrs Mollie Strang.

Sir,—Exporting for a number of years for a comparatively small manufacturing company, I fully endorse the statements made by Mr Alan Bramley (June 22) on lack of Government support. This has diminished from a reasonable service, which with lack of foresight has become so restricted to a point of total inadequacy. Even the newly formed Exports to Europe (EEB) is so limited by its product sectors that it would not provide a service to the majority of small exporters such as ourselves with specialised products. One of the most important requirements is a live response to inquiries on likely new markets, and the time factor encountered in placing these through the normal BOTB channels is completely prohibitive.

It does seem that the Government takes a totally apathetic attitude to the extreme importance of the extension of overseas markets. From experience I would say that any investment made in improving the service to exporters would repay handsomely.

Mollie Strang.
Shackman Instruments,
Mineral Lane,
Chesham, Bucks.

Nuclear rivalry

From Miss J. T. Eversley.

Sir,—In his letter published on June 23, Jonathan Metliss mocks the anti-nuclear (sic) lobby for its failure to congratulate Israel on "reducing the prospects of nuclear conflicts" in the Middle East. I see little cause for congratulation in an event which so clearly demonstrates one of that lobby's main contentions.

The dangers of nuclear proliferation are *political* not technical, and all the IAEA safeguards in the world will not stop one country, uncertain about the belligerent intentions of another, bombing its perceived enemy. As far back as 1946, the Acheson-Lilienthal Commission in the United States made the point that technical fixes do not prevent, and may even encourage, nuclear proliferation.

After the raid on Tamuz, the Middle East is if anything less safe from the threat of further conflict, nuclear or otherwise, and so it will remain until we abandon the convenient fiction that civil and military nuclear technology are not interchangeable.

Insecurity and aggression? No thanks.

J. T. Eversley.
39, Entry Hill, Bath.

Training put at risk

From Mrs Daphne Bampton

Sir,—It was pleasant to read in Christopher Lorenz's piece, "A survivor amid the training debris?" that employers in the construction industry want their training board to survive (June 19). I think it should be emphasised that there are employers in other industries who feel that the survival of Industrial Training Boards is essential.

Training is vital today. Without it the number of unemployed school-leavers will become even greater and there will be a woeful shortage of skilled labour when the economy becomes buoyant again. If Industrial Training Boards are abolished what other methods can ensure that training takes place? Christopher Lorenz refers to a "voluntary system" operated by industry itself, but most employers know from pre-1964 experience that this policy will inevitably result in a reduction in training.

In addition, there will be numbers of craft/technical persons whose training will be incomplete because there will be no training boards to oversee standards of training by "skills assessment" as at present. The few firms who will be prepared to train to a good standard will bear a heavy burden.

The second suggestion I have heard is a take-over of the ITB's function by the Manpower Services Commission, but the MSC has neither the expertise nor the facilities to undertake the work and any reduction in running costs is unlikely.

Furthermore, abolition of the boards will strike a blow at colleges of further education. Up to £30m is paid to colleges for training each year through ITBs. Most of this money comes from ITB grants made to employers for first-year training off the job.

Surely, it is up to companies to make use of their training boards. My firm has been helped by the Road Transport Industry Training Board. We have found the Skills Assessment Centre particularly useful, also the courses provided at the MOTECS at High Ercall and Livingstone—for example, in 1980 the RTITB introduced a "Principles of Management" course specially for the Vehicle Body Building and Repairing Industry.

Government must be told that training and training boards are vital. Likewise, that the work of training should be supported by national funds to enable additional grants to be paid to employers who provide apprenticeship training opportunities for more young people than they need. Industrial Training Boards could monitor the allocations.

Training boards know how to help, advise and even cajole companies into training. This is *not* the time to put them at risk.

Daphne Bampton.
Chairman and Managing Director.
Bampton Bros.,
Stratton Road,
Swindon.

Today's Events

GENERAL

UK: Mr Pierre Trudeau, Canadian Prime Minister, meets Mrs Margaret Thatcher at 10 Downing Street to discuss the Ottawa economic summit (July 20-21).

Mr George Bush, U.S. Vice-President, meets Lord Carrington, Foreign Secretary, London.

Mr Cecil Parkinson, Trade Minister, open Dorset Chamber of Commerce new offices, Bournemouth; visits Poole Harbour.

The Queen visits Royal Fleet Auxiliary ship Fort Austin Portland naval base.

Liverpool Corporation clerical workers mass meeting to consider all out strike call over regrading.

Ambulance men on one-day national strike.

Confederation of Health Service Employees conference concludes, Bridlington.

Transport and General Workers Union conference ends, Brighton. London Chamber of Commerce meeting on Hong Kong—new opportunities for British trade and industry.

Overseas: Mr Huang Hua, Chinese Foreign Minister, begins official visit to India.

PARLIAMENTARY BUSINESS

House of Commons: Debate on report of Committee on Obscenity and Film Censorship.

House of Lords: Indecent Displays (Control) Bill, report.

COMPANY MEETINGS

Aberdeen Construction, Station Hotel, Aberdeen, 12.0. Percy Bilton, Ealing, W, 12.0. Clark Son and Morland, Street Row, Glastonbury, 10.30. Copydex, 116 Pall Mall, SW, 12.0. Foseco Minsep, 36 Queen Anne's Gate, SW, 12.0. Garner Booth, 84 Borough High Street, SE, 2.30. Gaskell Broadloom, Saxon Inn Motor Hotel, Preston New Road, Blackburn, 12.0. Matthew Hall, Hotel Russell, WC, 12.0. Headlam Sims and Coggins, 12a Upper Berkeley Street, W, 11.0. John Laing, Page Street, NW, 3.0. MacDonald Martin Distilleries, 186 Commercial Street, Edinburgh, 12. F. Miller Textiles, 14 St. Vincent Place, Glasgow, 12.0. Tove, Connaught Rooms, Great Queen Street, WC, 12.0.

COMPANY RESULTS

Final dividends: Elliott Group of Peterborough. Kleen E-Ze Holdings, F. H. Lloyd Holdings. Norcros. Rediffusion. Somic. Spong and Co. **Interim dividends:** Braid Group. J. F. Nash Securities.

UK COMPANY NEWS

Plessey advances by £24m

IMPROVED operating results in most of its subsidiary businesses pushed taxable profits of Plessey Company, the telecommunications, aerospace and electronics group, to £84.54m in the 53 weeks to April 3 1981, compared with £60.1m in the previous year.

All the improvement, however, came in the first nine months, when profits jumped from £35.44m to £60.66m. In the final quarter there was a marginal *downturn from £24.66m to* £23.88m.

Earnings, after tax of £29.02m (£19.01m) are shown ahead from 16.07p to 22.53p per 50p share. The dividend total is being increased from 6.938p to 7.631p net with a final of 4.411p.

On a current cost basis, the pre-tax surplus is £55.3m, compared with £31.1m.

There were extraordinary debits of £1.57m (£4.73m) which arose mainly on the closure and disposal of a number of small businesses both in the UK and overseas. These businesses, say the directors, were extraneous to the main stream of group activities and offered inadequate growth prospects.

After the extraordinary items, attributable profits emerged at £52.38m against £34.9m.

The directors say electronic systems in particular had an outstanding year, both at home and *overseas, and doubled its operating* profits to £22.6m. Telecommunications main exchanges, on a world-wide basis, achieved £26m compared with £18.7m and office, data and control systems' profits rose by £4.9m to £14m.

Aerospace and engineering profits increased by 25 per cent to £15m but a recession in international demand, more pronounced in the second half, for microelectronics and components reduced sales, causing operating profits to fall from £10.7m to £3.2m.

Shareholders' funds at the year end were £50m higher at £297.8m. Short-term deposits and bank balances jumped by £41.3m to £62.3m and total borrowings were down £8.2m at £54.1m.

	1980-81 £m	1979-80 £m
Sales	844.5	751
Telecommunications	225	175.7
Data & control systems	128.7	123.6
Electronics	260.7	209.6
Microelectronics	105.9	122.6
Aerospace & eng.	124.2	113.1
Consumer electronics	—	6.4
Depreciation	22.65	22.58
Interest receivable	7.89	2.62
Interest payable	12.53	12.31
Assoc.	3.13	3.49
Pre-tax profit	84.54	60.1
Tax	29.02	19.01
Minorities	1.57	1.46
Extraord. debits	1.57	4.73
Attributable	52.38	34.9

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SPAIN

June 25	Price %	+ or −
Banco Bilbao	329	−4
Banco Central	402	—
Banco Exterior	327	+3
Banco Hispano	311	+3
Banco Ind. Cat.	124	—
Banco Santander	382	+1
Banco Urquijo	229	+2
Banco Vizcaya	356	+2
Banco Zaragoza	250	+5
Dragados	230	+2
Espanola Zinc	90	−1
Fecsa	76.5	+0.8
Gal. Preciados	56	−2.5
Hidrola	83	+1.5
Iberduero	68.7	+1
Petroleos	139	—
Petrolibar	102	—
Sogefisa	59	—
Telefonica	87	—
Union Elect.	73.2	−1.3

Henlys £666,000 loss but interim maintained

ON TURNOVER just ahead from £95.1m to £96.8m, Henlys has suffered a taxable loss, as anticipated, of £666,000 for the half year ended March 31, 1981, *against a £438,000 surplus, but* the interim dividend has been maintained at 3p net per share.

The directors say that although indications were a little favourable in the opening weeks of the second half, it is difficult to predict the full year's outcome.

For the whole of last year the group paid a 6p dividend and incurred losses of £387,000 (£4.31m profits).

Mr. G. R. Chandler, chairman, states that despite the closure of a number of branches, new vehicle volume was maintained in line with the first half of 1980. The effect of the fiercely competitive background on prices more than offset the benefit of cost curtailment, and margins fell further.

The only area unaffected by the UK recession was leasing, they say.

Pre-tax figure was struck after interest and finance charges of £1.46m (£1.44m) but was before a tax credit of £634,000 (£252,000 charge).

After extraordinary credits of £819,000 (£737,000) there was an attributable surplus of £787,000, compared with £899,000 previously.

● comment

The virtual disappearance of motor-dealers' margins last year forced them to look to their balance sheets. Henlys was exceptionally well able to do so, having tangible net assets last September of about £34.5m. In the first half of the current year *gearing has been cut from nearly* 40 per cent of net worth to less than 30 per cent, as property sales grossed about £1.7m and stocks were cut by a similar amount. An interest charge cut by £0.25m or so in the second half should help cut losses, and there could be some efficiency improvements from stock-computerisation. It is also clear that loss-making branches will continue to be pruned, with good effects on cash flow. Shareholders may be less certain about the long-run virtues of Henlys' plans for diversification outside the motor trade. Meanwhile, the dividend is being sustained by property surpluses, and if the final remains at last year's reduced level of 3p, the yield at 83p is a shade under 11 per cent.

Renold dives to £2.95m

SECOND-HALF pre-tax losses of £256,000—*against profits of* £3.81m—brought the taxable surplus of Renold for the year ended March 29 1981 down from £6.22m last year to £2.95m. Turnover of this Manchester-based manufacturer of power transmission products and machinery rose from £123.36m to £127.09m.

No final dividend is to be paid (5.2p) so the year's payout remains at 2p net (8p) per £1 share. Earnings per share are 2.9p (7.9p), before extraordinary items.

The management has, by rationalisation and reorganisation, *greatly increased* the underlying strength of the company.

This, they say, had the effect of depressing the results and increasing borrowings—which nevertheless remain well within the agreed facilities.

Meanwhile, good progress is being made disposing of *assets* which have become surplus.

The product range is up to date and there are some exciting developments in new products which augur well for the future, they add.

Pre-tax profits were struck after depreciation of £3.75m *(£3.88m) and interest charges of* £5.47m (£4.2m). Tax took £1.67m (£3.29m). An attributable loss emerged of £1.24m (£3.02m loss) after extraordinary debits of £2.42m (£6.21m).

Current cost adjustments reduced the taxable surplus to a loss of £4.27m.

● comment

The market was quick to react to Renold's passed final dividend and chipped the shares by 10p to 54p yesterday for a *fully-taxed* p/e of 15.6. The second-half was particularly poor, with a £254,000 loss after a £3.2m surplus in the first half and £3.8m in the second half of the previous year. The loss came from both overseas and UK operations, even though the foreign subsidiaries had been expected to buoy up earnings. The domestic trading profit was cut sharply from £2.3m in the first six months to £539,000 which compares with £4.5m in the last six months of 1980. Overseas operations chipped in £1.8m in the past six months, after earning £3.8m to the half-way stage. Debt has risen over the past year, with overdraft and interest payments well up, and the debt: equity ratio climbing from 42 per cent to almost 54 per cent. The current year is unlikely to be much stronger. The company has sold its Coventry factory for £500,000, and the Manchester head office is close to a sale, but funds will first go toward debt reduction. New products, centered on electronic control units, will take some time to contribute. *There has been no real uptrend* in orders so far this year and the shares are barely supported by the historic yield of 5.3 per cent.

John Folkes Hefo

An improving trend in trading profits at *John Folkes Hefo* had become apparent since April, Mr Jim Hearnshaw, the chairman, told the annual general meeting. He added: "In the first half of the year, the remainder of the rationalisation and re-organisation programme will have been completed."

Feature film losses cause profits plunge at ACC

A LOSS of £26.42m in its feature film production and distribution division, coupled with further losses of £4.65m in records and audio tapes, have contributed to Associated Communications Corporation reporting substantially lower profits for the year to March 31 1981.

The pre-tax figure is down from £11.63m to £2.62m on turnover up from £161.44m to £249.86m. At the halfway stage, pre-tax profits were down from £5.7m to £3.04m. No further dividends for the year are being paid, leaving the net interim of 1.5p *as the only payment.* Last year the company paid a final of 4.9p for a total of 8p.

Lord Grade, the chairman, says the loss in feature film production and distribution resulted from the failure to produce films achieving adequate commercial success. The one exception was the *Muppet Movie.*

A major recession in the records and audio tapes industry resulted in a loss in this section and it was found necessary to cut back drastically the records and tapes operation.

Profits from television production and distribution have *exceptionally benefited* by £22.98m from the sale during the year of a substantial number of forward television contracts, he adds. It has not been the group's practice in the past to sell forward contracts, but such sales are not, in the opinion of the board, likely to recur in the future.

Other group subsidiaries and divisions generally traded satisfactorily in difficult economic conditions, and their results included a first-time contribution from Jetsave. UK television showed an improvement from £3.88m to £4.8m.

After tax slightly lower at £1.83m (£1.92m), minorities £91,000 (nil) and extraordinary debits amounting to £7.39m (£1.02m), there was an attributable loss of £6.7m (£8.69m profit).

During the year the whole of the group's interest in the share capital of Ansafone was sold for £5.5m. The group's investment originally cost £5m. At the time of the sale, a further £8m of loans to Ansafone was repaid in full.

In the consolidated balance sheet the transaction results in a diminution of £4.5m in the group's net tangible assets and this reduction has been fully provided for in the extraordinary items.

Stated earnings per "A" stock unit after tax and minorities but before extraordinary items are down from 17.69p to 1.26p.

During the year group borrowings were considerably reduced, with net indebtedness down from £74.95m to £40.67m at March 31 1981. Lord Grade says group properties have recently been independently valued at some £90m, which compares with the balance sheet figure of £67m at March 31.

(The 1980 comparisons have been restated to reflect the change to a uniform policy of accounting for films, as required by SSAP 14. This adjustment applies only to American film and TV companies whose accounts had previously been prepared in accordance with U.S. accounting practice.)

See Lex

HIGHLIGHTS

Lex surveys the misfortunes of Associated Communications' film production ventures which have left the group in a second half loss and without a final dividend. **Trust House Forte** is down at the halfway mark after higher interest charges but **Plessey** has pushed up annual profits almost across the whole board with the electronic systems business in the forefront of the advance. Elsewhere, the open cast coal mining group, **Burnett and Hallamshire,** fulfilled the market's forecasts and expects a substantial contribution this year from its new overseas acquisitions. **Electrocomponents** underlined the slowdown in the rate of growth in component distribution between the two halves of its financial year while profits from **Redland** are sharply down after only a 4 per cent rise in sales value. **Petbow** suffered losses although it is now forecasting a return to profitability. **Baker Perkins,** too, is now relatively optimistic for the current year after a savage decline in UK profits. In line with almost all motor distributors **Henlys** has incurred a sizeable loss but the dividend is covered from the proceeds of property disposals and the group retains a strong balance sheet.

Electrocomponents rises to £14.56m: pays 5.5p

THE LONDON-BASED Electrocomponents Limited increased its pre-tax profits by 11.6 per cent in the year to the end of March 1981 from £13.05m to £14.56m. Its turnover was up by £8.42m to £65.87m.

The final dividend is to be raised from 5.25p to 5.5p, making a total of 9.75p compared with 8.75p. Earnings per 10p share are stated at 38.1p against 35.69p. A scrip issue of four for one is proposed.

● comment

Market predictions for £14½m from Electrocomponents have been around for six months or more so the p and l had little to add yesterday. But the shares jumped 30p to 800p on the news that the company is at last taking action on its heavy share price with a scrip issue bringing it down to a more manageable 160p. Electrocomponents was starting to show the effects of slowing demand and tougher competition in the first six months. But the real pressure did not come on until around November time last year. Thus second half profits growth is down to under 5 per cent, a far cry from historic achievements, though the company's predominence of passive components and own brand products should have shielded it from the most fierce price cutting. Margins overall are only slightly down and return on capital employed is still well over 50 per cent. The fully taxed p/e of 22.7 is in the area of the established norm for component distributors. However, growth in the passive component market will be less exciting than the active end and so profits and share price could show more modest growth in future years. An acquisition into the active area however, could make all the difference.

RESULTS AND ACCOUNTS IN BRIEF

LEIGH INTERESTS (environmental services, builders' merchant and motor dealer)—Results for year ended March 31 1981 and prospects reported June 5. Group shareholders' funds £7.86m (£6.75m). Fixed assets £10.74m (£6.65m). Net current assets £769,341 (£660,280). Bank overdrafts increased £381,884 (£731,875 decrease). Current cost pre-tax profit £916,724 against historical £1.15m. Meeting, Birmingham, July 16, noon.

NORTHERN GOLDSMITHS COMPANY (retail jeweller)—Results for year ended February 28 1981 reported June 11 in preliminary statement with prospects. Shareholders' funds £3.28m (£3.13m), fixed assets £1.58m (£1.6m), net *current assets £1.69m (£1.55m). Meeting,* Newcastle upon Tyne, July 15, 11.45 am.

LAKE VIEW INVESTMENT TRUST—Results for year to March 31 1981 reported April 30. Listed investments in Great Britain £43.67m (£39.69m), overseas £42.87m (£21.75m), current assets £1.66m (£1.21m), current liabilities £2.3m (£2.04m), shareholders' funds £83.86m (£57.76m), increase in liquidity £120,000 (decrease £2.01m). Meeting, Winchester House, EC, June 30, 12.45 pm.

DAWSON INTERNATIONAL (textiles and knitwear)—Results for year ended March 31, 1981 reported June 18. Group shareholders' funds £61.54m (£53.04m). Fixed assets £22.79m (£20.37m). Net current assets £39.65m (£33.76m). Net liquid funds increased £5.86m (£122,000 decrease). Current cost pre-tax profits £16.8m (£14.8m) against historical £20.67m (£18.24m). Meeting, Edinburgh, July 14, 11.45 am.

BISICHI TIN COMPANY—Results for 1980 reported June 18. Net current assets £199,726 (£99,358); shareholders' funds £958,613 (£811,472). Meeting, Clement House, Aldwych, WC, July 15, noon.

WARREN PLANTATION HOLDINGS—Results for 1980 already known. Fixed assets £16.91m (£14.77m); current assets £19.83m (£18.63m); current liabilities £16.19m (£15.54m). Shareholders' funds £18.19m (£17.35m). Increase in liquid funds £1.1m (£1.47m). Chairman Mr Humphrey Salmon is retiring after the annual meeting. His successor will be Mr Oliver Dawson, at present deputy chairman. Meeting, Painters' Hall, Little Trinity Lane, EC, July 22, noon.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
ACC	Nil	—	4.9	1.5	8
Baker Perkins	3	Aug 17	4.35	5.1	6.45
A. G. Barr ... int.	1.25	Aug 14	1.25	—	4.89
Burnett & Hallamshire	6.4†	Aug 7	4.5	11.25	8
Electric & Gen. Invst.	1.5	Aug 14	1.45	2.45	2.3
Electrocomponents	5.5	—	5.25	9.75	8.75
Elsburg Gold Mining int.	13‡	Sept 4	26	—	78
Executex Clothes	1.12	—	1.19	1.86	1.86
Henlys ... int.	3	Aug 7	3	—	6
J. Jackson ... int.	0.75	Aug 17	0.75	—	1.55
Jatel	4	July 28	4	4	4
Lookers ... int.	1.4	—	1.4	—	3.85
Pethow Hldgs.	*Nil*	—	*Nil*	*Nil*	1.5
Plessey Company	4.41	Jan 2	4.01	7.63	6.94
Randfontein Estates int.	350‡	Sept 4	450	—	1,100
Redland	4.67	—	4	7.34	6.67
Renold	Nil	—	5.2	2	8
Scapa Group	3.75†	Aug 21	3.75	6.55	6.55
Shaw Carpets	1.5	Aug 14	1.5	2	2
THF	1.5	Oct 1	1.5*	—	6*
Triplex Foundries	1	Aug 6	3.6	1	5.44
United Guarantee ... int.	Nil	—	0.23	—	0.5
U.S. & Gnrl. Tr. ... int.	4	July 31	4	—	10.5
Western Areas GM ... int.	20‡	Sept 4	40	—	120

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

Second-half fall for Redland

SECOND-HALF profits of Redland fell sharply from £36.1m to £23.07m to leave the construction materials and services group with a taxable surplus for the year to March 28 of £46.76m, compared with £57.29m.

At the interim stage profits were ahead *from* £21.19m to £23.69m but the directors warned then that a serious reduction in demand would mean a fall in the second-half surplus.

The figures include nine months' profit of Redland Purle sold in December.

The dividend is lifted from 6.67p to 7.34p net with a final of 4.67p.

After tax of £21.5m (£22.97m), earnings per 25p share are shown down from 20.91p to 15.93p.

Total sales increased by only 4 per cent from £495.4m to £515m reflecting volume declines in many areas of business, say the directors. The construction industries in the UK, Europe and the U.S. experienced recessionary conditions throughout the year and the strength of sterling further diminished the value of overseas sales by some £24m. Only Australia, with an expanding economy and a strong currency, produced a worthwhile advance.

The group's three major businesses—aggregates, clay facing bricks and concrete roofing tiles—all did well but losses were again incurred in both concrete and glass-reinforced pipe activities, they add.

Operations in the United States were badly affected by the impact of high interest rates but the greater part of the 30 per cent decline in overseas subsidiaries' profits was due to a lower contribution from Braas in West Germany, whose 1979 profits are *unlikely to be repeated.*

The pre-tax surplus—which is reduced to £34.01m (£42.78m) on a CCA basis—included associates' profits of £10.9m (£10.73m) and was struck after interest charges of £5.68m (£6.06m).

Minorities took £5.8m (£9.07m) and there was an *extraordinary* credit of £0.15m (£0.02m debit).

The attributable surplus emerged at £19.59m, down from £25.23m, and dividends absorbed £9m (£8.14m), leaving £10.59m (£17.09m) to be retained.

See Lex

Recovery seen at Petbow

FOLLOWING LOSSES at midway of £552,000 against £576,000, *Petbow Holdings,* generating and welding sets manufacturer, ended the March 31 1981 year in the red by £948,000, compared with £898,000 previously.

Turnover was down from £15m to £14.26m and with the omission of a final dividend, there is no distribution for the period. Last time a 1.5p net interim was paid.

The directors say that predictions in these uncertain times continue to be difficult, but present indications are that the company will return to profitability and the dividend lists in the current year.

Despite the losses the group has maintained a strong balance sheet, the directors state. Total borrowings were reduced so they now represent 14 per cent of shareholders' funds. And this is despite a large planned increase in stocks and work-in-progress which occurred towards the end of the year, they add.

After a tax credit of £611,000 (£506,000 charge), the attributable loss was £337,000 (£1.4m) giving a per share figure of 3.35p (11.34p).

CCA adjusted loss is £1.67m pre-tax.

● comment

There is not much in the year's figures from Petbow to suggest that it is just about to emerge from the trough in which it has made losses for the past two years. The weight of optimism falls rather on the chairman's statement, forecasting a resumption of dividends in the current year. At any rate, the shares rose 3p to 61p. The past year's profits were affected favourably by control of working capital, adversely by start-up costs abroad. On balance, there can have been only a modest improvement at the trading level during the second half. Yet the "Powercenter" range of generator sets introduced last year is beginning to make its presence felt, and should give Petbow a stronger position in the market. The use of microelectronic controls, first introduced to Petbow's range in the Powercenters, is *being extended* by the acquisition of a small specialist in microprocessor applications. There is some sign of increased demand for welding gear, in anticipation of which Petbow is introducing new products.

A. G. Barr

Including interest received of £152,000 against £181,00, pre-tax profits of A. G. Barr and Co., soft drink manufacturer, moved ahead £25,000 to £975,000 for the six months ended April 25 1981. Turnover rose to £13.96m against £12.42m.

The directors say that sales performance since the end of April has been very disappointing, compared with last year, but to a considerable extent this is because of the lack of any sustained summer weather as yet.

After tax of £207,000 (£244,000) attributable surplus was £768,000 (£766,000) giving earnings per share of 12.16p (11.18p).

The interim dividend is unchanged at 1.25p net—last year's final was 3.6375p paid from profits of £2.57m.

Executex Clothes

In the second half of 1980 Executex Clothes slumped from taxable profits of £175,489 to a loss of £40,914, bringing the figure for the year to a surplus of £55,086, compared with £255,609. Turnover for the 12 months rose from £1.68m to £2.79m.

The annual dividend of this Leeds based clothes manufacturer is maintained at 1.855p net per 20p share, with a reduced final of 1.1213p (1.188p).

The directors say the second half of the year proved particularly difficult as the recession deepened. This has continued *into the first quarter of 1981.* Although the conditions remain extremely difficult the company's factories are currently operating to full capacity.

Triplex plunges to £1.3m loss

THE LOSSES incurred by **Triplex Foundries Group** in the first six months continued in the second half and for the year as a whole to end-March, 1981 the group plunged to a pre-tax deficit of £1.3m, compared with a profit of £1.88m.

By midyear the West Midlands-based group had slipped from a taxable profit of £697,000 to a loss of £391,000.

Having omitted the interim dividend the directors are reducing the final by 2.6p for a total of 1p net—last time payments totalling 5.44p were paid. Ordinary dividends absorb £82,442 (£448,487).

Turnover for the 12 months fell back from £41.77m to £34.19m. There was a trading loss of £631,366, against a profit of £2.28m, out of which interest charges took £669,545 (£401,894).

There was a tax credit this time of £455,575 (£361,574 charge) and after extraordinary debits of £193,554 (nil) the attributable deficit came through at £1.04m (£1.52m surplus).

Earnings per 25p share are given as nil (18.3p) and net asset value per share at 141p (155p).

Current cost accounting increases the pre-tax loss to £1.77m.

A breakdown of turnover and taxable losses for the year shows: foundries £19.91m (£25.35m) and £815,000 (£826,000 profit); engineering £5.81m (£6.91m) and £298,000 (£607,000 profit); and industrial services £8.75m (£9.69m) and £188,000 (£444,000 profit). Inter-divisional sales amounted to £276,000 (£187,000).

THF slips £5.3m midway

PRE-TAX profit of **Trusthouse Forte**—the hotels and leisure group which last week formally conceded defeat in its battle for control of Savoy Hotels—slipped midway from £19.3m (27 weeks) to £14m (26 weeks to the end of April 30 1981).

Trading receipts increased £4.7m to £364.6m and trading profit was only £1.2m down at £25.3m after higher depreciation charges of £11.1m (£9.1m).

Interest costs increased from £7.2m to £11.3m.

The directors say trading conditions were difficult, particularly in the first quarter, but, due to the efforts of management and employees, the impact on profitability was well contained.

The company is continuing its major investment programme aimed at improving and developing its assets. It will thus be well placed to obtain maximum benefit as worldwide trading conditions improve, they say. This high level of planned expenditure is reflected in the increased financial charges.

The interim dividend is maintained at 1.5p per share (adjusted for a one-for-two scrip).

Tax is estimated to take £3.8m (£6.6m) and minority debits were £600,000 (£300,000).

Lex, Back Page

Burnett & Hallamshire up 70%

SECOND HALF pre-tax profits of **Burnett and Hallamshire Holdings**, the mining, construction and commercial group, jumped from £4.52m to £8.45m, bringing the total for the year ended March 31, 1981, some 70 per cent higher to a record £12.46m, compared with £7.32m. Turnover for the 12 months advanced from £85.11m to £98.01m.

The final dividend is being increased to 6.4p net (4.5p) per 25p share making 11.25 (8p).

● comment

At £11¾, up £⅜ yesterday, the ratios for B and H are no more or less demanding than they have been for a couple of years. The fully taxed p/e, stripping out investment sale proceeds, is 24.7 and the historic yield is 1.4 per cent. But the group is confident that it will build on stated profits, cum dealing surplus, and says that much of its recent investment accounting for perhaps a fifth of total capital employed, has yet to make an impact on profit and loss. In this context, the U.S. deals look particularly favourable and grades of coking coal now available should find profitable markets whether or not U.S. prices regain previous levels. It seems fairly clear that future expansion is designed to ensure that profits will always contain an "exceptional" element each year. On the other hand, management has ensured that the risks attendant on the increasing scale of overseas ventures should not be sufficient, individually, to impact on overall stability. Given the scale of reclamation in the UK, the undoubted North American prospects, the increasing level of overseas proficiency and exposure and finally, the proven ability to keep returns on even keel in such difficult markets as fuel distribution, the shares remain a good hold.

Shaw Carpets falls to £0.46m

PROFITS of **Shaw Carpets** tumbled by more than half in the 12 months to May 1, 1981, the pre-tax figure emerging at £465,000, compared with £1.05m. However, the dividend for the year is being maintained at 2p net by a same-again final of 1.5p.

At the interim stage the surplus was £332,000 lower at £286,000.

The directors say the decline in profits reflects pressure on margins, partly because of a diminished carpet market where unusually difficult trading conditions prevailed. They add that operating costs increased despite widespread measures to reduce them.

However, the directors remain confident about the longer-term future—not least because of the versatility and potential of the millitron computer dye injection machine.

They say the UK market shows no sign of recovery, but there are indications that exports will improve—although at very low margins.

Turnover of this tufted carpet manufacturer improved over the year from £34.49m to £36.21m.

Tax took £81,000 (£70,000), after which stated earnings per 10p share emerged 3.3p lower at 1.5p.

On a CCA basis the pre-tax figure is reduced to £444,000.

● comment

Shaw Carpets is one of the survivors. Although the group's 55.7 per cent pre-tax slump is disappointing news, at least this carpet company was in profit last year. When the dust eventually settles in the UK carpet sector, Shaw should be able to take advantage of both a healthy balance sheet (less than 20 per cent gearing) and its special machinery which gives it the flexibility to do short runs of specific designs. The company is currently just breaking even and there is little sign of an upturn in the UK. But Shaw could top its 1980-81 pre-tax by the end of the year, although it is unlikely to match the 1979-80 numbers. At 28p yesterday, the shares are on an astronomical *fully* taxed p/e, but the 10.8 per cent yield is not bad at all.

Poor trading result so far for Mersey Docks

TRADING results of **Mersey Docks and Harbour Company** so far this year were poor and below expectations, shareholders were told at the annual meeting. However, for the full year there could be a slight improvement as expenditure economies began to take effect.

The possibility of sympathetic consideration of a request to the Government for financial assistance was certainly lessened by the strikes which the company had suffered, said the chairman.

The Government's review of the financial assistance position was continuing and the company had to submit a corporate plan covering the next three to four years in early August. In the meantime, limited assistance was being given by way of repayable grants.

The vesting of land referred to in the annual report was expected to take place next month. The company had retained a firm of chartered surveyors to advise on its claim on the Merseyside Development Corporation for the land.

Sharp UK drop leaves Baker Perkins £4.4m off

ALTHOUGH **Baker Perkins Holdings** came back to profit in the second half, there was a sharp drop in UK trading profits for the year, and at the pre-tax level the surplus was £4.43m lower at £2.03m, for the period ended March 31 1981.

The loss at halfway was £1.76m (£1.31m profit).

Sir Franklin Braithwaite, chairman, says that orders at the year end amounted to £57m against £50m a year earlier and prospects appear more encouraging principally because of the expected recovery in performance of the UK operations.

"I feel that we shall see during this year and next a progressive recovery in profit."

Turnover of this manufacturer of plant and machinery for the food, chemical and printing industries, came out ahead from £106.05m to £116.48m for the year and was split as to: UK £61m (£66.6m) and overseas £55.48m (£39.47m). Trading profits totalled £5.16m (£8.75m), with the UK content slumping from £4.58m to only £433,000—overseas £4.72m (£4.17m).

Pre-tax figure for the year was after redundancy and severance costs of £1.03m (nil), interest of £2.29m (£946,000), and included associates share of £189,000 (£1.35m loss).

Earnings per 50p share are 2.6p (14.6p) and the dividend is down from 6.45p to 5.1p net with a final of 3p (4.35p).

● comment

Baker Perkins has been a reasonably strong market in the run up to the results but the shares were unchanged yesterday at 78p after the final dividend cut. This sits quite oddly with its relatively bullish forecasts but it says that it has over-distributed recently and there is an ACT problem, resulting in a £700,000 write off. There is little evidence of a volume increase in the home market immediately and the group is only looking for a slight upturn overseas. It does, however, project better prices this year (currencies will plainly impact on the big export content) and enhanced profitability. The UK payroll is down by an eighth and productivity is budgeted to rise substantially. Earlier this year, Hoare, Govett recommended the shares for the development of CADCAM and Perkins confirms that judgment, claiming that its experience of modern design and short batch production techniques will underwrite much of the improvement it is now seeking. The attractions of an historic yield of 9.7 per cent should, all the same, be balanced by Perkins' determination to cover future payments on a CCA basis.

Scapa Group advances to £9.3m but holds payout

TAXABLE PROFITS of **Scapa Group** ended the year to March 31, 1981 at £9.28m, compared with £8.29m, following £769,000 advance midyear to £4.19m.

Turnover of the group, which manufactures paper-machine and other industrial felts and cloths, filter fabrics and waste disposal units, improved during the year, from £78.68m to £83.61m.

A same-again final dividend of 3.75p per 25p share keeps the net total at 6.55p.

The pre-tax surplus was struck after interest charges of £2.23m (£2.01m) and was subject to tax of £4.47m (£3.86m).

Minority interests were higher at £74,000 (£42,000) and there were extraordinary debits of £1.5m (nil).

Stated earnings per share improved from 15.9p to 16.4p.

On a CCA basis the pre-tax figure is reduced to £6.25m.

The directors say the increase in sales resulted from excellent performances by the North American and other overseas subsidiaries.

● comment

Scapa's profits breakdown highlights dramatically the disparity between Europe's severely depressed paper industry and the less depressed North American market. In overall terms, North American operating profit margins are at 20 per cent while the UK margin is 7.8 per cent. Non-UK earnings are now providing three-quarters of group profits. The message seems clear enough as Scapa streamlines at home and expands abroad; last year the UK side made 600 workers redundant (nearly a fifth of the workforce). The company has been using its £4m rights money for capital expenditures, reduced borrowings and acquisitions, but its gearing level is not terribly modest at 40 per cent. The shares, up 3p at 143p yesterday, yield 6.7 per cent and ride on a fully taxed multiple of 10.2.

BSR paying £13m for Astec

BY JASON CRISP

BSR, the loss-making manufacturer of mass-market record changers, has agreed to buy the outstanding shares of Astec, the Hong Kong based computer peripheral company in which it already has a 53.6 per cent stake.

It is BSR's second major acquisition in the Far East this year. In May it paid $6m for Capetronic which makes consumer electronic products including cassette recorders at five factories in Taiwan, and one in Chicago.

Astec, which employs around 3,000 people in Hong Kong, Malaysia and the Philippines, makes a variety of electronic components subsystems and microprocessor software.

BSR is buying the outstanding 2.9m shares in Astec at HK$50 per share for a total of HK$145m, equivalent to about £13m. The purchase is being paid for by the issue of just over 26m fully paid ordinary BSR shares.

According to BSR, the vendors have agreed to retain 9.6m of the new shares for at least 12 months. The balance, which has been bought by Morgan Grenfell at 50p a share, are being placed in conjunction with BSR's brokers de Zoete and Bevan and Smith Keen Cutler.

The purchase price of the remainder of Astec's shares represents a multiple of 7.9 times the company's prospective earnings after charging for taxes payable in Hong Kong.

The effect of BSR's recent acquisitions restrictures the company both in its major products and its geographical manufacturing base. Last year, when it lost £17.7m on sales of £141.3m, over half its business still came from the declining record changer market on which the company was built.

After the acquisitions, just over half the business will come from electronics and electronics-related business. Record changers will account for one quarter of sales this year.

BSR's manufacturing base, which had been predominantly based in the UK, will have been significantly switched to the Far East. Last year it closed the last two of three original factories in East Kilbride, Scotland with a loss of 2,500 jobs. It employed 8,320 in the UK last year, compared with 14,432 the previous year.

At its peak BSR had about 75 per cent of the world market for record changers, producing nearly a quarter of a million a week, and was a major exporter to Japan. Sales and profits were hit by the slump in the audio market, increased competition and a move away from record players to cassettes.

Astec last year made pre-tax profits of £1.55m on turnover of £14.6m, compared with pre-tax profits of £161,000 on a turnover of £3.4m in the year ending March 1977.

It was founded in Hong Kong in 1971 by its joint managing directors Mr B. H. E. Christopher and Mr N. G. Stewart, who will join the BSR board once the acquisition agreement becomes unconditional. They will continue to manage Astec.

The major part of Astec's growth since 1979 has come from its business in switching power supplies. For instance it supplies the computer industry with equipment which converts AC mains supply into the carefully regulated direct current voltage required by computers and their peripheral devices.

According to BSR, power switching supplies will remain one of the fastest growing sectors in the computer industry for teh foreseeable future. Astec is predicting profits before tax for the whole of 1981 will be not less than HK$48m (£4.36m).

BSR's first acquisition—the beginning of a series in household appliances—was in 1971 when it bought Bulpitts (Swan Brand) the manufacturer of electric kettles, for £6.2m. In 1973 it bought Goblin, which makes tea makers and industrial vacuum cleaners, for £6.15m and in 1977 it bought Judge International.

It has also purchased a number of audio companies, including Audio Dynamics in the U.S. in 1973. Eighteen months ago it bought a small Boston-based professional sound company, DBX, which also licenses a sound reduction system to hi-fi companies.

New management for BSR's Far Eastern Electronics division is to be set up in order to encourage co-operation between both Astec and Capetronic.

In its last annual report, BSR predicted a loss in the first half of the year with a return to profitability in the second half, provided the pound did not appreciate and wage and indirect costs were kept under control. Yesterday it added that because of the current level of sterling, strength of orders and the growth and profitability of Astec, it "looked to a progressive restoration of profitability overall."

Congen rejects NCB offer

BY ANDREW TAYLOR AND DAVID LASCELLES

Connecticut General Mortgage and Realty Investments, one of the largest and most successful U.S. real estate investment trusts, yesterday firmly rejected the $267m (£134m) takeover offer from the National Coal Board pension funds.

The board of trustees of Connecticut General (Congen) said that the pension funds' offer was inadequate and not in the best interests of the trust and its shareholders.

Congen said that it had started legal proceedings to prevent the offer from going ahead—a standard procedure used by U.S. companies in defending unwelcome bid approaches.

Mr Hugh Jenkins, director general of investments for the coal board funds—representing separately manual and white collar workers—said last night that the funds would need time to consider Congen's response.

After its rejection statement yesterday the trust's shares were trading at around $37¼ compared with the bid price of $33 for each Congen ordinary share.

It is the largest U.S. real estate takeover deal ever launched by a British institution.

Two years ago the coal board fund successfully bid $144.2m for a Californian-based property investment trust, Continental Illinois Properties.

Congen, which is advised by investment bankers First Boston, said that the funds' offer was substantially below the current appreciated value of the trust's real estate portfolio and other assets.

The property trust's recently published annual accounts showed properties with a market value of around $350m (£175m). In addition, Congen holds outstanding mortgage loans with a book value of $138m carrying an average interest charge of just over 9 per cent.

The loans, however, are somewhat overvalued in the books, given the current high cost of mortgage money in the U.S.—around 15 per cent.

Congen said that the trust's prospects were excellent and that the long-term interests of shareholders would be best served by the trust remaining independent.

The company was considering a number of available alternatives in the light of the coal board pension funds offer.

Tyne Tees and Yorkshire reorganisation agreed

AGREEMENT has been reached on the placement of shares in Tyne Tees TV and in Yorkshire TV following their divestment from holding company Trident Television.

The major stakes in Tyne Tees are to be taken by Vaux Breweries, with 20 per cent, Industrial and Commercial Finance Corporation, with 15 per cent, United Newspapers, 7.5 per cent, and Telefusion, 7.5 per cent.

Trident will retain 20 per cent, and three other shareholders will each subscribe for 5 per cent holdings.

The major shareholders in Yorkshire will be Bass, the brewing group, which will hold 25 per cent, Pearson Longman, the publishing group which includes the Financial Times, which will hold 25 per cent, and the Yorkshire Post Newspaper group, which will hold 10 per cent.

Trident will retain 15 per cent, and three other shareholders will subscribe for stakes of 5 per cent or less. In addition, N. M. Rothschild, the merchant bankers, will hold up to 15 per cent of Yorkshire, in order that other local interests may invest in the company at any time.

The Independent Broadcasting Authority ruled late last year that the two TV companies, Tyne Tees and Yorkshire, could only remain franchise holders in ITV if a share reorganisation took place. Two earlier share split proposals by Trident were rejected by the IBA, but the third was accepted in April. One of the original provisions of the share reorganisation was that a significant proportion of the new shareholders be regionally-linked to the TV companies.

ULLMANN NOMINEES/ ELLIOT GROUP

Ullmann Nominees has disposed of its entire 5.5 per cent stake in Elliot Group Peterborough, the building systems and joinery company which reported a loss of £188,000 for the first half of 1980-81.

Ullmann has sold 725,000 shares—50,000 on May 21 and 675,000 on June 4.

Last month Pentos, the industrial holding group, sold its entire 20.4 per cent stake in Elliot (2.7m shares) because the medium-term prospects for the company were not encouraging.

Elliot shares fell 1p to 27p yesterday, which compares with the year's high of 31p.

PEERLESS IN £200,000 BUY

Peerless, the plastics, electronics, domestic engineering and metals group, has acquired for £200,000 cash the share capital of Bristol-based George Viner, distributor of kitchen furniture and bathroom equipment. Consideration will be spread over two years in a formula relating to the profits of the company.

UTD. CITY MERCHANTS

Vickers da Costa on June 24 1981 sold 15,428 United City Merchants ordinary 10p shares at 39p on behalf of a discretionary client. Haynesville of Hong Kong bought 250,000 ordinary shares at 39½p.

Berisford tries to break bid deadlock

S. and W. Berisford, the commodity trader fighting to take over British Sugar Corporation, has sent another circular to the sugar corporation's shareholders in an effort to break the deadluck in its £200m bid.

Berisford still needs around 3 per cent of British Sugar's equity to accept its bid at which point it will hold 42.56 per cent in the sugar producer. At this level the Government, which holds 24.17 per cent, will swing its support behind the Berisford offer because the majority of uncommitted shareholders will then have accepted the bid.

"I urge you to accept our offer without delay," says Berisford's chairman, Mr E. S. Margulies. "If sufficient acceptances are not received by 3 pm on Wednesday, July 1, our offer will lapse."

Hawley cuts stake in Camrex

Hawley Leisure, the leisure and industrial services group, has disposed of a small part of its holding in Camrex, the specialist coatings manufacturer, for which it had made an approach at the beginning of June.

Hawley has sold 150,000 shares, reducing its holding by 1.56 per cent to 16.84 per cent. Camrex shares were unchanged at 42p yesterday.

On June 18 Hawley announced that it did not intend to take any further action on its holding in Camrex for the time being and a firm bid for the outstanding equity was unlikely at present.

Mr Michael Ashcroft, the Hawley chairman, said yesterday that Camrex was not in the forefront of the group's thoughts and the group was taking a neutral position on the shareholding at the moment.

Besides its Camrex stake Hawley also holds 9.3 per cent of Dufay Bitumastic, another speciality coating business. Camrex itself holds 29.75 per cent of Dufay.

Earlier this week Hawley sold its 21 per cent stake in Pritchard Services, realising a £5.5m profit.

Dunbar Group to buy Tower Fund Managers

Dunbar Group, a banking and financial services company quoted on the Unlisted Securities Market, announced yesterday that it is buying Tower Fund Managers, the private investment management concern whose chairman and managing director is former Slater Walker man Mr Brian Banks.

The deal involves the issue of 300,000 new Dunbar ordinary £1 shares to Tower shareholders which at last night's closing price of 425p places a value of £1.275m on Tower. Tower's shareholders will now own 23 per cent of the enlarged Dunbar equity.

Tower, which was set up by Mr Banks at the end of 1978, provides investment management services from London and Jersey principally for private clients. Funds under management — including two authorised unit trusts totalling more than £5m—amount to around £37m.

Dunbar, meanwhile, has also built up a substantial private portfolio management operation with funds of around £31m. Its main business, however, is banking with leasing, loan broking and tax planning among the other activities.

Dunbar has been built up over the last 10 years by Mr David Backhouse, the present managing director who joined the company in 1972. Dunbar has an unbroken profits record since 1969 and last year turned in pre-tax profits of £582,552.

Mr Backhouse said yesterday he believed the two fund management businesses, which will be regrouped under a new subsidiary Dunbar Tower Fund Managers would be "a major force" in future and that they had "exciting growth prospects."

"With nearly £70m under management considerable economies of scale should be achieved particularly by the use of Dunbar's well tried computer facilities." Dunbar's other services would be able to expand with the enlarged client base while Tower's clients would now have access to them.

The board of Tower, which has worked together for the last eight years, is forecasting pre-tax profits for the year to June 30 of not less than £145,000.

Just over 80 per cent of Tower's shares are held by the directors—including Mr Banks's personal 18 per cent stake. The balance is held by four City institutions.

See Men and Matters

BANK RETURN

BANKING DEPARTMENT

	Wednesday June 24 1981	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	32,426,102	— 1,578,185
Bankers Deposits	731,074,616	— 212,384,190
Reserve & other Accounts	1,490,034,583	— 35,931,601
	2,268,090,301	— 174,874,404
Assets		
Government Securities	706,044,218	+ 94,475,000
Advances & other Accounts	923,273,177	— 15,092,252
Premises Equipment & other Secs.	624,504,037	— 66,409,332
Notes	14,002,119	— 1,137,172
Coin	266,750	— 34,992
	2,268,090,301	— 174,874,404

ISSUE DEPARTMENT

Liabilities	£	£
Notes issued	10,525,000,000	+ 50,000,000
In Circulation	10,510,997,881	— 51,137,172
In Banking Department	14,002,119	— 1,137,172
Assets		
Government Debt	11,015,100	—
Other Government Securities	8,809,183,036	+ 181,430,699
Other Securities	1,704,801,834	— 131,430,699
	10,525,000,000	— 50,000,000

This advertisement has been issued by British Sugar Corporation Limited

I SEE THAT LESS THAN 3% HAVE ACCEPTED BERISFORD SHARES.*

YES, AND THOSE WHO HAVE SOLD FOR CASH WILL HAVE TO LOOK A LONG WAY TO FIND ANOTHER SHARE YIELDING ALMOST TWICE THE MARKET AVERAGE IN A COMPANY WITH A RECORD LIKE BRITISH SUGAR.

*Acceptances in respect of 3.15% of British Sugar shares announced by Berisford on 16 June, 1981, have since been reduced by revocations in respect of 227,544 shares (0.38%).

No wonder British Sugar shareholders are rejecting the Berisford bid!

Berisford have not claimed any significant progress during the last week in their attempt to take over your company. Indeed growing numbers of shareholders who had accepted their offer are now exercising their right to revoke those acceptances. Leading institutional investors are on record as opposing the bid. They want British Sugar to remain independent.

Now Berisford are becoming desperate, and trying to stampede shareholders with alarmist threats about the share price if the bid fails.

Do not be alarmed by Berisford claiming that at least 60 per cent. of British Sugar's shares could be put on the market which could result in a fall in the share price. We reiterate:-

- in the opinion of our financial advisers, J. Henry Schroder Wagg & Co. Limited, the Government's holding could be placed without upsetting the market in British Sugar shares.
- Is it likely that Berisford would dispose of their shareholding in such a way as to depress the share price unnecessarily when their own commercial interest would lie in keeping it high and realising the maximum price?
- British Sugar shares are still fundamentally undervalued and do not reflect the worth of the business.

Do not be pressurised by Berisford, their bankers or brokers into believing that your last chance to accept their offer is 3 p.m. on July 1. The Panel on Takeovers and Mergers have required Berisford to announce that you would still have 14 days after July 1 to accept if the offer went unconditional.

If you have accepted the bid we would urge you to withdraw your acceptance by completing the form of revocation already sent to you and sending it to J. Henry Schroder Wagg & Co. Limited. If you have not accepted the bid we again ask you to

Stand firm and take no action

REJECT THE BID

BRITISH SUGAR
CORPORATION LIMITED
THE RECORD SPEAKS FOR ITSELF

The publication of this advertisement has been approved by a duly authorised committee of the Board of British Sugar Corporation Limited. Each Director has taken all reasonable care to ensure that both the facts stated and the opinions expressed herein are fair and accurate. Each Director of British Sugar Corporation Limited accepts responsibility accordingly.

MIM and Asarco crossholdings change in £162m share deals

BY KENNETH MARSTON, MINING EDITOR

IN AN AGREED ownership revision valued at A$275m (£162m) Australia's MIM Holdings is to raise its stake in America's Asarco to approximately 16 per cent from the present 2 per cent, while Asarco will reduce its holding in MIM to 44 per cent from the present 48.9 per cent.

The agreement between the major producers of base metals is that MIM will buy direct from Asarco 2.5m of the latter's shares at a price of U.S.$56.50 per share, compared with a market price before the latest news of around $36.50, to raise the MIM holding to 10.5 per cent.

MIM will then acquire a further 1.1m Asarco shares (to raise the holding to 16 per cent) buy purchases in the sharemarket and direct from shareholders within 12 months.

Sir James Foots, the MIM chairman, said in Sydney yesterday that the full operation would cost around A$170m to A$180m depending on the cost of the shares bought on and off market.

The reduction in Asarco's holding of MIM to 44 per cent will involve some 21.8m shares of the latter worth around A$98.5m, it being intended that the shares will be sold to Australian interests over the next 18 months.

Sir James Foots said that the scheme was part of MIM diversification plans and not a defence measure to protect Asarco from a take-over. He added that funds for the share purchases would come from cash reserves and MIM's five-year borrowing programme which also covers capital investment projects.

He also said that MIM may also have to consider calling on shareholders for more funds to meet the company's expansion plans.

Sir James estimated that the Asarco share purchases would result in the dilution of MIM earnings per share by about 2 cents—equal to just under A$9m—compared with 57 cents earned in the year to last June. But he thought that this was a small short term price to pay for the long term advantages.

Clearly, the reduced stake of the American Asarco in MIM—effectively equal to about 37 per cent—will give the latter greater flexibility in Australian joint ventures to comply with the foreign investment guidelines which require 50 per cent Australian equity in new resource projects.

The other attraction of the move is that it will give MIM a large stake in the wide-ranging scope of Asarco's activities. The latter has also been diversifying away from copper, lead and zinc, in the U.S. to interests including aluminium, coal, asbestos, ilmenite, sand and gravel, limestone and oil and gas.

In London yesterday, however, shares of MIM were lowered 13p to 255p. Those of Asarco were trading in New York at around U.S.$38 and £19½ in London.

'Johnnies' cut gold interims

REDUCED interim dividends for 1981 declared by the South African gold producers in the Johannesburg Consolidated group are just about in line with expectations. A payment of 350 cents (205p) from Randfontein makes the best showing and compares with 450 cents a year ago and the subsequent final of 650 cents.

The relatively low grade mine, Western Areas, is making a sharper reduction in its interim to 20 cents from 40 cents last time when a final of 80 cents followed.

The associated holding company, Elsburg is following suit with a 1981 interim of 13 cents against the 1980 interim of 26 cents and final of 52 cents.

CONSGOLD GROUP AUSTRALIAN PLAN APPROVED

Shareholders of the four Australian companies in the Consolidated Gold Fields group voted overwhelmingly yesterday to approve the company's reorganisation plans.

At the four separate meeting in Sydney and Melbourne, the new plans were approved by holders of between 94.6 per cent and 99.9 per cent of the shares, well above the required 75 per cent.

Under the plans, Consolidated Gold Fields Australia, Renison, Associated Minerals Consolidated and Mount Lyell will all become wholly-owned units of a new holding company, Renison Goldfields Consolidated.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—J F Nash Securities, Wettings.

Finals.—Elliott Group of Peterborough, Fortnum and Mason, Kleen-E-Ze, F H Lloyd, Rediffusion, Somic, Spong, Stonehill.

FUTURE DATES

Interim:—

Glass Glover .... July 14

Finals:—

Brengreen .... July 13
Bristol Evening Post .... July 16
Bulmer (H P) .... July 8
Courts (Furnishers) .... June 30
General Electric .... July 2
Goodkind (W) .... July 3
N C C Energy .... July 2

Offer for Hamersley extended

THE Rio Tinto-Zinc group's 61.1 per cent-owned Australian CRA has extended the date for acceptance of its A$200m (£116m) share offer for the minority holding in the iron ore-producing Hamersley Holdings to July 27 from July 6.

So far, acceptances received cover 72.2 per cent of the shareholders and 37.4 per cent of the shares subject to the offer which is conditional on acceptances of not less than 75 per cent of shareholders and 90 per cent of the shares in question.

A number of major shareholders, including those in Japan, have not yet accepted and this could reflect disruptions to the Australian postal and communications systems, particularly in Victoria.

RCM's loss in fourth quarter

WITH BOTH the copper and cobalt markets still firmly in the doldrums, Zambia's 61 per cent state-owned Roan Consolidated Mines recorded a net loss of Kwacha 296,000 (£170,000) in the fourth quarter of the year ended March 31.

This left a full-year net profit of K24.15m, compared with K84.47m for the nine months to March 31 last year. RCM's year-end has been changed to coincide with that of its larger sister company, Nchanga Consolidated Copper Mines. The two are to be merged into a new concern, Zambia Consolidated Copper Mines, in the near future.

The company has declared a dividend of 12.5 ngwee (7.1p). This is the first payment for the current year, and compares with a total of 40 ngwee for the nine months to March 31, 1980.

The shares were unchanged at 120p in London yesterday.

ROUND-UP

Australian Consolidated Minerals is to carry out deeper drilling at its Big Bell joint venture in Western Australia following the recent intersection of 24 metres assaying 4.8 grammes of gold per tonne at a depth of 1,000 metres.

Reserves calculated to a depth of 700m are put at 6.6m tonnes averaging 5.2 grammes gold and 4.3 grammes silver using a 3 grammes cut-off.

The old mine workings are to be dewatered in order to check the condition of the main shaft and its suitability for a future mining operation. ACM has a 50 per cent stake in the venture with Nickelore holding 30 per cent and Metals Exploration 20 per cent.

* * *

Australia's North Kalgurli has reached agreement in principle with Newmont Holdings to farm in on four of the latter's gold prospects to the north of Kalgoorlie.

* * *

Anglo American Corporation of Canada has changed its name to Minorco Canada Limited. All outstanding voting shares of Minorco Canada are owned by Minerals and Resources Corporation of Bermuda. Preference shareholders of Minorco Canada will be notified in due course how they may exchange their shares for shares in the new name of the company.

* * *

South Africa's gold production in May amounted to 1,744,473 troy ounces, a fall of 11,210 oz on the previous month. The total for the first five months of this year is brought to 8,734,208 oz compared with 9,039,112 oz in the same period of 1980.

Lonrho abstains on Smith re-election

By John Moore

Lonrho, the international trading conglomerate and the largest shareholder in House of Fraser, abstained from voting for the re-election to the stores group board of Professor Roland Smith, the chairman, at yesterday's annual meeting.

The move came amid speculation that Lonrho might use its 29.99 per cent block of shares to oppose the re-election of Professor Smith.

But before the resolution was put to the meeting Professor Smith said that he had received proxy votes in favour of his re-election representing 68m shares, out of a total of 152m shares.

Mr Robert Dunlop, a Lonrho director, said that the group would not be voting against the re-election of Professor Smith, but would abstain.

Earlier this year Lonrho had been locked in a bitter takeover battle for House of Fraser, a bid which is now under review by the Monopolies and Mergers Commission. During the campaign Mr Rowland had said: "I do not like Professor Smith, but that does not mean I know anything about him."

During the meeting Professor Smith said that trading in the first four months of the company's financial year "was not really significant, but shareholders will be interested to know that sales during the period are ahead of sales for the corresponding period last year."

He told shareholders that following the annual meeting the Board would meet to approve an investment of £6.5m for a 40,000 sq ft expansion of the trading area at Harrods. The Board later approved the move.

At the beginning of his remarks to shareholders Professor Smith said that he did not intend to comment on the events of the last 12 months. It was during this period that a boardroom revolt led by him had caused the removal of Sir Hugh Fraser as chairman of the group.

Professor Smith said that just less than £50m of capital expenditure had been authorised by the board and that after yesterday's meeting the figure would be nearer £60m.

A shareholder told Professor Smith that "I hope you do not regard that you have carte blanche for disposing of assets."

Professor Smith said that the board had "nothing in mind at the moment" and added that anything of significance would be brought forward for shareholders attention.

The same shareholder commented that in spite of opposition the board had gone ahead with the sale and leaseback of the D. H. Evans store for £29m.

See Men and Matters

Vickers gets off to 'disappointing start'

THE CURRENT year has got off to a "disappointing start" at Vickers, the engineering group, although the outlook for the year as a whole looks better than for the first half, Sir Peter Matthews, chairman, said at the annual meeting in London yesterday.

The improvement in new orders in March was not sustained in the following two months, Sir Peter said, although the opening quarter's total was now almost up to that of the last three months of 1980. Domestic price increases were not sufficient to recover increased costs, he added, particularly for goods obtained from the public sector.

The strength of sterling against European currencies had also had a depressing effect on margins, although the later fall in the pound will have a beneficial effect on sales of Rolls-Royce motor cars to the U.S., he said. This effect, however, will be more substantial from now on than it has been so far.

Sir Peter said that petitions had been submitted to the European Commission of Human Rights claiming unfair treatment over the nationalisation of the group's former aerospace and shipbuilding businesses. He added that the commission had invited the Government to submit comments on these petitions by October.

He said that the directors considered the initial settlements to be inadequate, and that the long delay in reaching settlement had resulted in a devaluation of the payment itself.

Lower sales performance lops 14p off Mothercare

MR SELIM ZILKA, chairman of Mothercare, the maternity and children's wear chain, yesterday reported a lower sales performance for the group so far in the current year in its main trading areas. The news sent the shares down by 14p to 216p on the London Stock Exchange—10p above the year's low.

Mr Zilka told shareholders at the annual meeting in London that sales in both the UK and Europe had fallen back but in the U.S. (where the group showed losses up from £385,000 to £877,000 in 1980-81) they had risen sharply.

He reported that sales in the UK for the opening 12 weeks of the current year were down by just over 3 per cent, while the in Europe the setback in sterling terms over a 15-week period was 21 per cent. By contrast, sales in the U.S. in sterling terms went up by almost 31 per cent.

The bulk of the group's sales and profits accrue in the UK. In 1980-81, UK sales rose by 5 per cent to £135.7m but trading profits came out 16 per cent lower at £17.91m. For Europe there was a sales rise of 6 per cent to £18.53m while trading profits fell back by 13 per cent to £870,000.

In the U.S., where the group injected a further $4m (£2m) into the business during the year, the loss was sustained despite a sales gain of 20 per cent to £15.43m.

Slight first half fall at Lookers

PRE-TAX profits of Lookers, motor vehicle distributor and engineer, declined slightly in the half year to end-March 1981, from £405,519 to £402,115. Turnover also slipped, from £36.99m to £35.25m.

The chairman says the results were adversely affected by losses in the commercial vehicle operations. Management action has been taken to reduce the losses but these will not be completely eliminated until there is a revival in the overall economy.

The interim dividend is maintained at 1.4p net—last year's total was 3.85p. Earnings per 25p share are stated at 4.3p (4p).

Humphries Holdings slips back

PRE-TAX profits of Humphries Holdings, developer and printer of motion films, fell from £1.05m to £931,000 in the year to the end of March 1981. Turnover increased from £11.39m to £12.2m.

There will again be no dividend — the last payment was made in 1970. The earnings per 25p share are stated at 11.62p against 8.6p.

Tax of £57,000 (£377,000) left attributable profits of £879,000 (£396,000) after minority interests of £5,000 (£21,000 debit) and nil extraordinary items (£254,000).

Current cost accounting gives pre-tax profits of £581,000.

Memec offered at 140p

Charterhouse Japhet is launching a £5.25m offer for sale in Memec (Memory and Electronic Components), a distributor of electronic components and microcomputer systems and equipment.

The offer is of 3.75m shares at 140p each valuing the whole group at just under £15m. Thirty-five per cent of the equity is on sale with 3,050,000 shares coming from existing shareholders and the balance raising £650,000 of new money, after expenses, for the company.

MEMEC was founded in 1974 as a component distributer by Messers Dick Skipworth, Werner Stolz and Ed Sturmer.

Initially the company was distributing Harris Corporation products. From 1974 to 1977 further franchises were added steadily increasing the customer base. In 1977 the company spread out into selling microcomputer equipment—complete systems rather than just components.

MEMEC has three operating subsidiaries: Thame Components, Thame Systems and Ambar Components which concentrates on distributing Japanese components rather than the U.S. products handled by Thame.

Currently the group has distribution arrangements with 23 suppliers. Five of these have been added this year. In 1980 the group dealt with 1,300 customers.

Sales have risen from £454,000 in 1976 to £7.29m in 1980. Profits over the same period have increased from £16,000 to £1.43m pre-tax. The split between components and systems last year was around £800,000 from components and £600,000 from systems.

The prospectus says that "despite the economic recession, actual performance of the group for the first five months trading in the current year has been better than anticipated."

The directors are forecasting that profits for the six months to June 30 1981 will be not less than £750,000 compared with £709,000.

In the full 12 months ending December 1981 profits will not be less than £1.55m, against £1.43m.

The directors expect to pay an interim dividend of 1p and a final of 2p.

On the basis of the 140p offer price Memec is coming to market on a fully-taxed prospective p/e of 20.1 and yield of 3.06 per cent. Net assets per share are equal to 20.3p.

The new money being raised by the company will provide additional working capital support and facilitate acquisitions.

The offer has been underwritten by Charterhouse Japhet and brokers are Scrimgeour Kemp-Gee. Application day is Thursday July 2 and dealings are expected to start on July 8.

The full prospectus will be published next Monday.

LONDON TRADED OPTIONS

June 25 Total Contracts 1894 Calls 1458 Puts 436

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (p)	300	5	—	8	12	12	—	318p
BP (c)	300	28	25	38	—	46	—	"
BP (c)	320	11	54	23	42	33	36	"
BP (c)	350	3	—	13	27	20	27	"
BP (c)	380	¾	30	6	—	11	—	"
BP (c)	410	½	—	3	—	6	2	"
BP (p)	320	11	26	16	—	25	1	"
BP (p)	350	32	24	36	1	38	—	"
Cons. Gld (c)	420	30	3	47	—	—	—	441p
Cons. Gld (c)	460	12	31	27	1	40	—	"
Cons. Gld (c)	500	3	1	18	2	26	—	"
Cons. Gld (c)	550	1½	25	7	—	17	1	"
Court'lds (c)	70	2½	—	8½	47	11½	—	68p
Court'lds (c)	80	¾	—	3	15	6	2	"
GEC (c)	550	157	1	170	—	—	—	700p
GEC (c)	650	57	7	82	5	110	—	"
GEC (c)	700	18	11	45	—	78	—	"
GEC (c)	750	4	3	20	10	38	—	"
Gr'd Met. (c)	180	39	3	44	13	52	—	217p
Gr'd Met. (c)	200	20	30	50	8	38	—	"
Gr'd Met. (c)	220	5½	23	17	27	25	—	"
ICI (c)	280	13	—	31	3	42	—	284p
ICI (c)	300	5	1	18	2	30	—	"
Land Sec. (c)	390	15	13	33	—	45	—	398p
Shell (c)	330	37	6	44	7	54	—	358p
Shell (c)	360	13	—	24	81	36	10	"
Shell (c)	420	1½	—	9	15	13	—	"
Shell (p)	360	8	113	20	20	22	—	"
		August		November		February		
Barclays (c)	390	45	10	57	—	67	—	425p
Barclays (c)	460	7	1	18	—	—	—	"
Imperial (c)	70	6	32	8	3	11	1	72p
Imperial (c)	80	2	55	3½	26	6	105	"
Imperial (c)	90	1	8	—	—	—	—	"
Lasmo (c)	550	40	—	70	10	90	—	562p
Lasmo (c)	600	22	12	37	—	60	—	"
Lonrho (c)	90	7	1	10	—	14	21	93p
Lonrho (c)	100	2½	29	4½	—	7	43	"
Lonrho (c)	110	1	—	2½	43	—	—	"
Lonrho (p)	90	2½	—	4½	50	7	43	"
P & O (c)	140	2	—	5½	5	8½	—	126p
Racal (c)	280	130	30	—	—	—	—	399p
Racal (c)	330	70	36	81	—	91	—	"
Racal (c)	360	40	35	56	7	69	—	"
Racal (c)	390	16	247	34	64	49	1	"
Racal (p)	360	6	67	10	—	14	—	"
Racal (p)	390	13	76	18	—	22	3	"
RTZ (c)	500	38	20	60	—	80	—	523p
RTZ (c)	550	18	65	40	—	50	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$475	6	13 A	51	28	25	46 A	$445
GOLD C	$500	2	6	38	19	70	35	"
GOLD C	$525	2	2	168	13 A	—	—	"
GOLD C	$550	—	—	7	8 A	—	—	"
GOLD P	$450	6	15 B	15	18 A	5	21.50	"
GOLD P	$475	22	30 B	—	—	—	—	"
GOLD P	$500	12	50	1	50 B	—	—	"
		July		Oct.		Jan.		
ABN C	F.280	25	18 B	—	—	—	—	F.297.50
ABN C	F.300	6	5.50	—	—	—	—	"
AKZO C	F.20	10	5.50A	151	6.20	—	—	F.26.30
AKZO C	F.22.50	27	3	19	4.50	—	—	"
AKZO C	F.25	40	1.20	53	2.50	20	3.20	"
AKZO C	F.27.50	—	—	74	1.30	15	1.90	"
AKZO P	F.25	110	0.50	—	—	—	—	"
HEIN C	F.55	—	—	7	2.60	—	—	F.52.10
HOOG C	F.20	10	0.80	159	2.20	14	2.80	F.19.20
HOOG C	F.22.50	—	—	100	0.80	—	—	"
IBM P	$55	—	—	—	—	10	7	$59⅛
KLM C	F.70	10	56 B	—	—	—	—	F.125
KLM C	F.100	84	25 A	—	—	—	—	"
KLM C	F.110	22	17,50 A	—	—	—	—	"
KLM C	F.120	138	9,50	—	—	—	—	"
KLM C	F.130	403	4.50	20	12.70	—	—	"
KLM C	F.140	137	2	—	—	6	13	"
KLM C	F.150	194	1 A	30	6,80	20	10.50	"
KLM P	F.100	—	—	22	2	—	—	"
KLM P	F.110	42	1	27	4	—	—	"
KLM P	F.120	208	3.80	23	7,10	—	—	"
KLM P	F.130	94	9 B	—	—	10	19	"
KLM P	F.140	42	16	—	—	—	—	"
NATN C	F.120	10	1.30	—	—	—	—	F.118
NATN C	F.125	—	—	50	2,60 B	—	—	"
NATN C	F.130	—	—	7	1	—	—	"
PHIL C	F.15	25	9.40	—	—	—	—	F.24.30
PHIL C	F.20	98	4,30	67	5.30	—	—	"
PHIL C	F.23.50	175	2.20	71	2,80	—	—	"
PHIL C	F.25	340	0,50	206	1.80	159	3	"
PHIL C	F.27.50	—	—	429	1	144	1.80	"
PHIL C	F.25	—	—	30	1,50	—	—	"
RD C	F.80	28	9.70	—	—	—	—	F.88.20
RD C	F.90	463	2	109	5.50 B	12	7 B	"
RD C	F.95	106	0.70	—	—	—	—	"
RD C	F.100	305	0.30	337	2.20	79	3.70 A	"
RD C	F.110	—	—	167	1	—	—	"
RD P	F.80	35	0.40	40	2	—	—	"
RD P	F.90	51	2.80	—	—	—	—	"
RD P	F.95	10	6.50	—	—	—	—	"
UNIL C	F.150	—	—	10	7.80	—	—	F.49.68
UNIL C	F.160	20	0.60	38	2.50	—	—	"
UNIL P	F.150	—	—	10	4.50 B	—	—	"
		Aug.		Nov.		Feb.		
BOEI C	$35	—	—	—	—	5	2⅞	$31⅝
SLUM C	$100	30	2	—	—	—	—	$93⅛
TOTAL VOLUME IN CONTRACTS						6515		

A=Asked B=Bid C=Call P=Put

0631-2-0146

CURRENCIES, MONEY and GOLD

$ stays strong

Dollar remained very strong on the firmer trend in U.S. interest rates. The Federal funds overnight rate increased to 18¾ per cent in early New York trading, and Eurodollar rates rose sharply. Reports of a small cut of 450,000 barrels a day in Saudi Arabian oil production, pushed the U.S. currency down against sterling in early European trading, but rising U.S. interest rates proved a much stronger factor later in the day. The yen was also depressed on the oil supply rumours, and finished weaker against the dollar.

Sterling lost ground to major currencies in general, including the dollar, mainly reflecting the trend in U.S. interest rates, but also influenced by early fears of a cut in Minimum Lending Rate, although most dealers found this hard to understand.

European currencies weakened against the dollar. The French franc improved within the European Monetary System, but fell to a record low against the dollar.

DOLLAR — trade-weighted index (Bank of England) rose to 108.9 from 107.9. The dollar rose to DM 2.3915 from DM 2.3705 against the D-mark, and to FFr 5.7510 from FFr 5.6825 against the French franc, partly reflecting fears about the situation in Poland and continuing concern at the appointment of Communists to the new French Administration. The Swiss franc also tended to benefit from these factors, with the dollar falling to SwFr 2.0380 from SwFr 2.0390.

STERLING — trade-weighted index (Bank of England) fell to 94.7 from 95.6, after opening at 94.9 and improving to 95.1 at noon. The pound opened at $1.9640-1.9650, and touched a peak of $1.9730-1.9740, before falling to $1.9480-1.9490 in the afternoon, and closing at $1.9545-1.9555, a fall of 2.50 cents on the day.

D-MARK—Strongest member of the European Monetary System and slightly improved against the dollar as U.S. interest rates show signs of declining. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports, may sustain the recovery providing U.S. interest rates do not rise sharply once more—The D-mark weakened against the dollar in Frankfurt yesterday, but the German Bundesbank did not intervene at the fixing, and was probably not active on the open market. The U.S. currency rose to DM 2.3920 in the late afternoon, after a fixing of DM 2.3775, compared with DM 2.3685 on Wednesday. Sterling fell to DM 4.6640 in the early afternoon, from DM 4.6950 at the end of the previous day, but improved to around DM 4.6775 near the close. News of a moderate growth in German money supply in May had little influence on the market, which remained more sensitive to the upward trend in Eurodollar rates.

JAPANESE YEN — Weaker against the dollar in recent months because of the sharp rise in U.S. interest rates, but showing less movement than other currencies thanks to Japan's strong economic performance—The yen lost ground against the dollar in moderate Tokyo trading, with the U.S. currency rising to a peak of Y224.45, before closing at Y224.40, compared with Y222.95 previously. Higher Eurodollar interest rates supported the dollar, while the yen was also depressed by news that Saudi Arabia will cut oil production slightly in the third quarter. Trading was quiet in the morning, but the dollar rose quite sharply around lunch time on buying out of Southeast Asian centres, possibly by the Monetary Authority of Singapore.

THE POUND SPOT AND FORWARD

June 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9480-1.9740	1.9545-1.9555	1.10-1.20c dis	−7.06	2.80-2.90dis	−5.83
Canada	2.3400-2.3720	2.3480-2.3490	1.45-1.55c dis	−7.66	3.90-4.05dis	−6.77
Nethlnd.	5.17½-5.21½	5.19½-5.20½	par-½c dis	−0.58	1pm-par	0.38
Belgium	76.10-76.70	76.45-76.55	19-29c dis	−3.76	63-73 dis	−3.55
Denmark	14.61-14.71	14.64½-14.65½	6¾-7¾ore dis	−5.69	18-19¾ dis	−5.15
Ireland	1.2760-1.2835	1.2780-1.2795	0.28-0.40c dis	−3.19	0.93-1.12dis	−3.21
W. Ger.	4.65½-4.69½	4.67¼-4.68¼	par-½pf dis	−0.64	½ pm-½ dis	−0.11
Portugal	123.00-124.50	123.10-123.40	65-135c dis	−9.74	170-340 dis	−8.27
Spain	185.50-187.25	186.00-186.30	110-140c dis	−8.06	325-360 dis	−7.36
Italy	2,321-2,334	2,325½-2,327½	29-31 lire dis	−15.47	81-84 dis	−14.18
Norway	11.62-11.72	11.64-11.66	½ore pm-1 dis	−0.26	½pm-1½dis	−0.19
France	11.13-11.22	11.16½-11.17½	11¼-12¼c dis	−12.62	27½-29½dis	−10.20
Sweden	9.67-9.94	9.89½-9.90½	2½-3½ore dis	−3.64	6½-7½ dis	−2.78
Japan	436-445	440-441	1.65-1.30y pm	4.02	5.25-4.85 pm	4.58
Austria	32.85-33.10	32.90-32.95	1gro pm-3 dis	−0.36	6 pm-3 dis	0.18
Switz.	3.97-4.02	3.98-3.99	¾-¼c pm	1.50	2½-1½ pm	1.58

Belgian rate is for convertible francs. Financial franc 78.60-78.70. Six-month forward dollar 4.50-4.60c dis, 12-month 5.80-6.00c dis.

THE DOLLAR SPOT AND FORWARD

June 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9480-1.9740	1.9545-1.9555	1.10-1.20c dis	−7.06	2.80-2.90dis	−5.83
Ireland†	1.5265-1.5400	1.5265-1.5295	0.45-0.55c dis	−3.92	0.95-1.10dis	−2.66
Canada	1.2007-1.2026	1.2011-1.2014	0.18-0.22c dis	−2.00	0.33-0.38dis	−1.18
Nethlnd.	2.6380-2.6600	2.6550-2.6600	1.50-1.40c pm	6.57	4.15-4.05 pm	6.19
Belgium	38.81-39.13	39.1[illegible]-39.13	14-12c pm	3.99	24-22 pm	2.35
Denmark	7.4480-7.4770	7.4575-7.4600	1-½ore pm	1.40	1¼-¾ pm	0.53
W. Ger.	2.3715-2.3960	2.3910-2.3920	1.28-1.22pf pm	6.27	3.40-3.34 pm	5.64
Portugal	62.70-63.30	63.10-63.30	par-30c dis	−2.85	par-80 dis	−2.53
Spain	94.60-95.00	94.85-95.00	10-20c dis	−1.89	40-60 dis	−2.10
Italy	1,182½-1,191	1,189-1,191	7-8½ lire dis	−7.83	22½-24½ dis	−7.91
Norway	5.9390-5.9600	5.9470-5.9490	3½-3ore pm	6.56	8-7½ pm	5.21
France	5.6700-5.7300	5.7125-5.7175	2-3c dis	−5.26	4½-5 dis	−3.67
Sweden	5.0360-5.0675	5.0455-5.0465	1.40-1.20ore pm	3.09	3.70-3.50 pm	2.85
Japan	224.00-225.60	225.35-225.45	2.15-2.00y pm	11.05	5.90-5.75 pm	10.34
Austria	16.76½-16.90½	16.88½-16.90½	9¼-7¼gro pm	6.04	27-23½ pm	5.98
Switz.	2.0255-2.0460	2.0375-2.0385	1.60-1.40c pm	8.54	3.95-3.85 pm	7.65

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 25	Bank of England Index	Morgan Guaranty Changes %
Sterling	94.7	−29.8
U.S. dollar	108.9	+2.3
Canadian dollar	87.9	−17.2
Austrian schilling	111.3	+21.8
Belgian franc	105.3	+8.9
Danish kroner	85.9	−11.3
Deutsche mark	116.5	+37.9
Swiss franc	137.7	+84.5
Guilder	108.2	+13.9
French franc	82.6	−12.4
Lira	57.4	−55.4
Yen	142.7	+36.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.582937	0.536231
U.S. $	14	1.15785	1.06751
Canadian $	18.07	1.38670	1.28077
Austria Sch.	6¾	19.3774	17.8561
Belgian F.	13	44.8775	41.3156
Danish K.	11	8.60557	7.92639
D mark	7½	2.74232	2.52739
Guilder	9	Unavail.	2.80895
French Fr.	9½	6.59383	6.07354
Lira	19	1367.40	1260.49
Yen	6¼	258.196	237.690
Norwgn. Kr.	9	6.86304	6.31528
Spanish Pts.	8	109.414	100.861
Swedish Kr.	12	5.82273	5.36858
Swiss Fr.	5	2.34553	2.16205
Greek Dr'ch.	20½	—	61.8560

OTHER CURRENCIES

June 25	£	$		£ Note Rates
Argentina Peso	8774-8794†	4471-4481†	Austria	32.80-33.10
Australia Dollar	1.7035-1.7075	0.8710-0.8715	Belgium	77.70-78.70
Brazil Cruzeiro	178.43-179.43	90.95-91.40	Denmark	14.58-14.73
Finland Markka	8.622-8.633	4.4245-4.4265	France	11.07-11.17
Greek Drachma	115.084-115.964	57.95-58.10	Germany	4.66-4.70
Hong Kong Dollar	10.79½-10.80½	5.5300-5.5330	Italy	2270-2325
Iran Rial	158.00*	79.50*	Japan	445-449
Kuwait Dinar (KD)	0.549-0.555	0.2809-0.2812	Netherlands	5.17-5.21
Luxembourg Frs.	76.45-76.55	39.11-39.13	Norway	11.60-11.72
Malaysia Dollar	4.5240-4.5340	2.3180-2.3210	Portugal	121-125
New Zealand Dlr.	2.2820-2.2870	1.1670-1.1680	Spain	178½-188½
Saudi Arab. Riyal	6.67-6.73	3.4090-3.4120	Sweden	9.85-9.95
Singapore Dollar	4.1550-4.1650	2.1280-2.1310	Switzerland	3.97-4.01
Sth African Rand	1.7105-1.7125	0.8750-0.8760	United States	1.95¼-1.96¼
U.A.E. Dirham	7.18-7.24	3.6720-3.6740	Yugoslavia	71-85

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 10.440-10.460 and for the dollar 5.300-5.350.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3457	+1.34	+1.34	±1.5361
Danish Krone	7.91917	7.93305	+0.18	+0.18	±1.6413
German D-Mark	2.54502	2.52754	−0.69	−0.69	±1.1386
French Franc	5.99526	6.03567	+0.67	+0.67	±1.3638
Dutch Guilder	2.81318	2.81033	−0.10	−0.10	±1.5159
Irish Punt	0.685145	0.691742	+0.96	+0.96	±1.6686
Italian Lira	1262.92	1260.31	−0.21	−0.21	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.955	4.673	440.5	11.17	3.985	5.200	2327.	2.349	76.50
U.S. Dollar	0.512	1.	2.393	225.3	5.714	2.038	2.660	1190.	1.201	39.13
Deutschemark	0.214	0.418	1.	94.17	2.388	0.852	1.112	497.4	0.502	16.35
Japanese Yen 1,000	2.270	4.438	10.62	1000.	25.36	9.047	11.80	5281.	5.331	173.7
French Franc 10	0.895	1.750	4.188	394.4	10.	3.568	4.655	2083.	2.103	68.49
Swiss Franc	0.251	0.491	1.174	110.5	2.803	1.	1.305	583.8	0.589	19.20
Dutch Guilder	0.192	0.376	0.900	84.71	2.148	0.766	1.	447.4	0.452	14.71
Italian Lira 1,000	0.430	0.840	2.011	189.3	4.801	1.713	2.235	1000.	1.009	32.88
Canadian Dollar	0.426	0.833	1.992	187.6	4.756	1.697	2.214	990.6	1.	32.57
Belgian Franc 100	1.307	2.556	6.114	575.8	14.60	5.209	6.797	3041.	3.070	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 25)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/16	offer 18 9/16	bid 17 1/2	offer 17 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	10½-11	18½-18¾	18½-19½	11⅛-11½	1¼-1½	11¾-12	20-22	17-22	9-11	6½-7
7 days' notice	11¼-11⅜	18½-18¾	18½-19½	11 1/16-11 3/16	17¾-18¼	12-12¼	20-22	24-29	10-12	7-7¼
Month	11¾-11⅞	18 7/16-18 9/16	19¼-19¾	11 5/16-11 7/16	9⅞-10	12 1/16-12 3/16	21-23	26½-28½	14½-15	7⅝-7⅞
Three months	12½-12⅝	18-18¼	18⅞-19⅛	11 5/16-11 7/16	10 1/16-10 3/16	12 5/16-12 7/16	21-23	26½-27½	15⅜-16⅛	7⅝-7¾
Six months	12 5/16-12 7/16	17 7/16-17 9/16	18-18⅜	11 7/16-11 9/16	10 5/16-10 7/16	12 5/16-12 7/16	19¾-21	25½-26½	15¾-16¼	7½-8
One Year	13¼-13½	16⅜-16⅝	16¼-16⅝	11¾-11⅞	9⅜-9⅝	12¼-12½	18¾-19¾	24-25	15⅛-16	8⅜-8⅝

SDR linked deposits: one-month 15 9/16-15 11/16 per cent; three-months 15¼-15½ per cent; six-months 15-15¼ per cent; one-year 14½-14¾ per cent.
ECU linked deposits: one-month 15 9/16-15 11/16 per cent; three-months 15½-15⅞ per cent; six-months 15 5/16-15 11/16 per cent; one-year 14 11/16-15 1/16 per cent.
Asian $ (closing rates in Singapore): one-month 18¼-18½ per cent; three-months 17 13/16-18 1/16 per cent; six-months 17¼-17½ per cent; one-year 16 7/16-16 9/16 per cent. Long-term Eurodollar two-years 15½-15¾ per cent; three-years 15½-15¾ per cent; four-years 15¼-15½ per cent; five-years 15¼-15½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.05-18.15 per cent; three-months 17.65-17.75 per cent; six-months 17.00-17.10 per cent; one-year 16.30-16.40 per cent.

INTERNATIONAL MONEY MARKET

Europe rates steady

European interest rates showed little change yesterday with the notable exception of Paris. While call money remained at 20 per cent unchanged for over a month, longer term rates were firmer, reflecting recent pressure on the French Franc. The latter was slightly improved within the European Monetary System yesterday. In the money market one-month money rose to 19½ per cent from 19¼ per cent and the three-month rate was higher at 19 per cent compared with 18¾ per cent previously. The six-month rate also rose half a point from 17½ per cent to 18 per cent.

In Frankfurt call money was quoted at 12.025 per cent compared with 12 per cent on Wednesday while longer term rates showed little change. The six-month rate showed a slightly firmer tendency however, rising to 12.95 per cent from 12.90 per cent.

In Amsterdam call money remained at 11⅛-11⅜ per cent. Rates from one to 12 months were a little easier at 11⅜-11⅝ per cent against 11¾-12 per cent.

A shortage of supply over mortgage demand prompted a rise in some Swiss mortgage rates yesterday. One leading bank increased its rate to 6 per cent from 5½ per cent, with other banks expected to follow suite.

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 12 per cent
(from March 10 1981)

DAY TO day credit was in adequate supply in the London money market yesterday and the authorities did not intervene. The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements while on the other side banks brought forward balances a moderate way above target. Discount houses were paying 9¾-10 per cent for secured call loans at the start, with later balances taken at 9½-10 per cent.

In the interbank market overnight loans opened at 10¾-10⅞ per cent and eased on the forecast to 10-10¼ per cent before coming back to 10¼-10⅜ per cent where much of the day's business was seen. Rates fell to 10-10¼ per cent later in the day but closing balances were taken up to 11 per cent.

GOLD

Sharp fall

Gold fell $16 in the London bullion market to close at $444-447, the lowest finishing level since December 10 1979. It opened at $453-456, and was fixed at $454.50 in the morning, and $466.50 in the afternoon, after a particularly long fixing session of almost an hour. Firm U.S. interest rates, and continued demand for the dollar, remained the major factors influencing trading.

In Paris the 12½-kilo gold bar was fixed at FFr 92,000 per kilo ($504.01 per ounce) in the afternoon, compared with FFr 93,000 ($508.36) in the morning, and FFr 93,250 ($509.29) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 34,775 per kilo ($455.53 per ounce), against DM 35,350 ($463.98) previously, and finished at $445-448, compared with $461-463.

In Luxembourg the 12½-kilo bar was fixed at LFr 580.75 per kilo ($454 per ounce), against LFr 591.25 ($463.75).

	June 25		June 24	
Gold Bullion (fine ounce)				
Close	$444-447	(£227-228½)	$460-463	(£231¼-233¼)
Opening	$453-456	(£230½-231½)	$463-464	(£232½-233)
Morning fixing	$454.50	(£230.535)	$462.25	(£232.265)
Afternoon fixing	$446.50	(£228.350)	$462	(£232.587)
Gold Coins				
Krugerrand	$459-460	(£234¾-235¼)	$474-475	(£239½-240)
½ Krugerrand	$235-236	(£120¼-120¾)	$244½-245½	(£123½-124)
¼ Krugerrand	$120-121	(£61¼-61¾)	$124½-125½	(£63-63½)
1/10 Krugerrand	$49.50	(£25-25½)	$51.59	(£25¾-26¼)
Mapleleaf	$449-450	(£229½-230)	$465-468	(£235-236½)
New Sovereigns	$112-112½	(£57¼-57½)	$115½-116	(£58¼-58½)
King Sovereigns	$121-123	(£61-62)	$127-129	(£64-65)
Victoria Sovs.	$121-123	(£61-62)	$127-129	(£64-65)
French 20s	$117-122	(£59¾-62½)	$121-126	(£61-63½)
50 pesos Mexico	$551-555	(£281¾-283¾)	$569-573	(£287½-289½)
100 Cor. Austria	$433-435	(£221½-222½)	$447-450	(£225¾-227¼)
$20 Eagles	$575-580	(£294-296¾)	$585-590	(£295½-298)

LONDON MONEY RATES

June 25 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-11	9½-11	—	—	10¾	9⅞-11	—	—	—
2 days notice	—	—	11⅜-11½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11-11¼	11⅝-11¾	—	11½	11½	10¾-11	—	—	—
One month	11 7/16-11 9/16	11⅝-11¾	11⅝-11¾	12⅞-12⅝	12	12	11½	11¼	11 7/16	12½
Two months	12 1/16-12 3/16	12-12⅛	—	13-12⅝	12½	12½	11¾	12	11⅝-11⅞	12 9/16
Three months	12 3/16-12 5/16	12⅛-12¼	12¼-12½	13-12⅝	12¾	12¾	12	11⅞	12-11⅞	12½
Six months	12¾-12⅞	12¾-12⅞	12⅝-12¾	12¾-12½	13	13½	—	—	12-12⅛	12⅞
Nine months	12⅞-12⅞	12⅞-13⅛	—	13⅛-13⅛	13⅛	13¼	—	—	—	—
One year	13-12⅞	13-13⅛	13-13⅛	13⅜-13½	13¼	13½	—	—	—	—
Two years	—	—	13½-13¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four-years 13⅞-14⅛ per cent; five-years 14-14⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 5/16 per cent; four-months trade bills 12¾ per cent.

Approximate selling rate for one-month Treasury bills 11⅛ per cent; two-months 11⅞ per cent; three-months 11 15/16 per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-months 11¾-11 25/32 per cent; three-months 11⅞-11 15/16 per cent; one-month trade bills 11⅞ per cent; two-months 12 5/16 per cent and three-months 12¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.9632 per cent.

MONEY RATES

NEW YORK

Prime Rate	20
Fed. Fund	18¾-18¼
Treasury Bills (13-week)	14.56
Treasury Bills (26-week)	14.14

GERMANY

Special Lombard	12.00
Overnight Rate	12.025
One month	12.60
Three months	12.35
Six months	12.35

FRANCE

Intervention Rate	22
Overnight Rate	20
One month	13.8125
Three months	13.0
Six months	15.0

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.25
Bill Discount (three-month)	7.53125

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 24, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.50
Albania	Lek	5.0716
Algeria	Dinar	4.1675
Andorra	Fr. Franc	5.7025
	Sp. Peseta	94.475
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7026
Argentina	Peso (C) (6)	4461.00
	Peso (F) (9)	5125.00
Australia	Dollar	0.8685
Austria	Schilling	16.74
Azores	Port. Escudo	62.80
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	94.475
Bangladesh	Taka	14.8968
Barbados	Dollar	2.01
Belgium	Franc (C)	38.755
	Franc (F)	39.605
Belize	Dollar	2.00
Benin	C.F.A. Franc	285.125
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.49
Bolivia	Peso	24.75
Botswana	Pula	0.8403
Brazil	Cruzeiro	89.45
Brunei	Dollar	2.1325
Bulgaria	Lev	0.933
Burma	Kyat	6.6445
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	285.125
Canada	Dollar	1.1995
Canary Is.	Sp. Peseta	94.475
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	285.125
Chad	C.F.A. Franc	285.125
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7467
Colombia	Peso (O)	54.07
Comoros	C.F.A. Franc	285.125
Congo P'ple. Rep. of	C.F.A. Franc	285.125
Costa Rica	Colon (O) (4)	8.60
Costa Rica	Colon	17.05
Cuba	Peso	0.7313
Cyprus	Pound*	2.2563
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.4327
Djibouti Rp. of	Franc	178.15
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	30.35
Egypt	Pound* (3)	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	188.95
Ethiopia	Birr (O)	2.0437
Faeroe Is.	Dan. Krone	7.4327
Falkland Is.	Pound*	1.9915
Fiji	Dollar	0.8576
Finland	Markka	4.409
France	Franc	5.7025
Fr. C'ty in Af.	C.F.A. Franc	285.125
Fr. Guiana	Franc	5.7025
Fr. Pac. Is.	C.F.P. Franc	95.4055
Gabon	C.F.A. Franc	285.125
Gambia	Dalasi	2.0085
Germany (E)	Ostmark (O)	2.37
Germany (W)	Mark	2.387
Ghana	Cedi	2.75
Gibraltar	Pound*	1.9915
Greece	Drachma	57.83
Greenland	Dan. Krone	7.4327
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.7025
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	37.9976
Guinea Rep.	Syli	21.3179
Guyana	Dollar	2.9907
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.5015
Hungary	Forint	34.05
Iceland	Krona	6.527
India	Rupee	8.49
Indonesia	Rupiah	629.00
Iran	Rial (O)	79.25
Iraq	Dinar	0.2959
Irish Rep.	Punt*	1.5427
Israel	Shekel	11.29
Italy	Lira	1180.50
Ivory Coast	C.F.A. Franc	285.125
Jamaica	Dollar	1.7834
Japan	Yen	222.65
Jordan	Dinar	0.3335
Kampuchea	Riel	n.a.
Kenya	Shilling	8.7554
Kiribati	Aust. Dollar	0.8685
Korea (Nth)	Won	0.94
Korea (Sth)	Won	683.10
Kuwait	Dinar	0.2806
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.3075
Lesotho	Loti	0.8688
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.0237
Luxembourg	Lux Franc	38.755
Macao	Pataca	5.7016
Madagascar D. R.	Franc	285.125
Madeira	Port. Escudo	62.80
Malawi	Kwacha	0.9109
Malaysia	Ringgit	2.3145
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	570.25
Malta	Pound*	2.573
Martinique	Franc	5.7025
Mauritania	Ouguiya	57.025
Mauritius	Rupee	8.5359
Mexico	Peso	24.415
Miquelon	Fr. Franc	5.7025
Monaco	Fr. Franc	5.7025
Mongolia	Tugrik (O)	3.3565
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.4016
Mozambique	Metica	28.4459
Namibia	S.A. Rand	0.8686
Nauru Is.	Aust. Dollar	0.8685
Nepal	Rupee	12.00
Netherlands	Guilder	2.6325
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.1604
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	285.125
Nigeria	Naira (O)	0.6365
Norway	Krone	5.919
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.905
Panama	Balboa	1.00
Papua N.G.	Kina	0.6754
Paraguay	Guarani	126.00
Peru	Sol	417.82
Philippines	Peso	7.945
Pitcairn Is.	N.Z. Dollar	1.1604
Poland	Zloty (O)	31.00
Portugal	Escudo	62.80
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.7025
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.9915
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr. Franc	5.7025
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.012
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1180.50
Sao Tome & Principe DR	Dobra	39.0772
Saudi Arabia	Riyal	3.41
Senegal	C.F.A. Franc	285.125
Seychelles	Rupee	7.1848
Sierra Leone	Leone	1.1805
Singapore	Dollar	2.1325
Solomon Is.	Dollar	0.8814
Somali Rep.	Shilling	6.295
South Africa	Rand	0.8698
Spain	Peseta	94.475
Span. Ports in N. Africa	Sp. Peseta	94.475
Sri Lanka	Rupee	18.5538
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.8688
Sweden	Krone	5.051
Switzerland	Franc	2.0237
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.47
Tanzania	Shilling	8.1346
Thailand	Baht	20.72
Togo Rep.	C.F.A. Franc	285.125
Tonga Is.	Pa'anga	0.8685
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5147
Turkey	Lira	109.58
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8685
Uganda	Shilling (7)	78.00
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.9915
Upper Volta	C.F.A. Franc	285.125
Uruguay	Peso	10.76
U.S.S.R.	Rouble	0.7721
Vanuatu	Vatu (5)	92.1616
Vanuatu	Aust. Dollar	0.8685
Vatican	It. Lira	1180.50
Venezuela	Bolivar	4.2933
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	33.9381
Zaire Rp.	Zaire (8)	5.4831
Zambia	Kwacha	0.8845
Zimbabwe	Dollar	0.6969

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) Costa Rica—Two-tier rate effective 24/4/81.
(5) Vanatu—100 vatu=6.1875 French francs since 1/1/81. Aust. dlr. being phased out over next two-years.
(6) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank for Imports and Exports.
(7) Uganda—Rate quoted by Bank of Uganda on June 9 following devaluation June 1, 1981.
(8) Zaire: Devalued on June 19 by 40 per cent. 1 Zaire=0.1575 SDR.
(9) Argentina: Financial allowed a clean float.

COMPETITION HITS CAMERA MAKER

Rollei applies for liquidation

BY JONATHAN CARR IN BONN

ROLLEI, the famous West German camera company, plans to go into liquidation after a long battle against ever-fiercer competition, notably from Japan.

The news seems to mark the beginning of the end for an enterprise with a history going back 60 years and which currently employs about 5,700 workers in Brunswick, Lower Saxony, and in Singapore.

That Rollei yesterday was requesting the opening of liquidation proceedings at a Brunswick court, came as a surprise as only three months ago it was announced that there had been a major change of Rollei shareholders and that a new strategy was being worked out to place the concern on a sounder footing.

In the change, the 99.7 per cent stake in Rollei of the Norddeutsche Landesbank (Nord LB), was taken over by a holding company Deutsche Fotohandel, in which the Porst Camera chain had a large but unspecified stake.

However, it is understood that further financial support would now be required from Nord LB, which has stood by Rollei for many years, first with the Hessische Landesbank and then alone from 1976.

Nord LB still has a 75 per cent stake in Rollei of Singapore, which Deutsche Fotohandel has an option to purchase over the next few years. But it is understood that the Development Bank of Singapore, which holds the other 25 per cent, was not keen itself to maintain its holding, and this was one factor restraining Nord LB from further financial aid for Rollei in Germany.

Behind all this has been an unexpected fall in sales and earnings in the first few months of this year, following a loss in 1980 of more than DM 20m on turnover of about DM 200m.

Major reasons for this are said to have been high interest rates and currency fluctuations —including the rise of the yen which has increased the cost of imports of components from Japan.

Rollei has repeatedly seemed to be on the verge of collapse, but constantly came up with a new concept which, it promised, would mean the breakthrough to major sales increases and profitability.

Until the 1960s Rollei had been a respected but decidedly old fashioned concern, founded in 1920 by the Franke and Heidecke families and relying essentially on the Rolliflex twin-lens reflex camera.

A new management strategy saw salvation in development of *a range of new and advanced* products and, in the early 1970s, in the establishment of large manufacturing capacity in *Singapore*.

However, the Singapore start-up costs were bigger than anticipated and these were combined with the exchange and interest rate problems, which have afflicted the group this year as well.

Hopes rose again in March with news of the shareholding change. But this time there appear to be no new schemes available to give Rollei a new lease of life.

Mr Graham Day, former chief of Cammell Laird

Day to head Dome's shipyard

By Ian Hargreaves in New York

MR GRAHAM DAY, the Canadian businessman who was the first chief executive designate of British Shipbuilders, is to take up a post next month which will entail supervising construction of the largest shipyard in Canada.

Mr. Day has ben hired, subject to completion of formalities, by Dome Petroleum, the rapidly-growing Canadian oil company, to head its shipbuilding division.

Mr Day's prime role with Dome will be to oversee and then manage a large tanker-building shipyard which the oil company plans to build on a site as yet undetermined.

With a capability of processing over 70,000 tonnes of steel per year on a one shift per day basis, the Dome yard will dwarf the entire Canadian shipbuilding industry, whose combined capacity is only about 40,000 tonnes per year.

The yard will build tankers of up to 200,000 tons capacity and capable of plying between the Canadian mainland and the Beaufort Sea even when the sea is frozen. These tankers, of so-called Arctic Class 10 construction, are currently unknown.

The yard is also expected to produce liquid natural gas carriers of up to 120,000 cubic metre capacity.

Dome said yesterday that it would probably announce in July a site for the shipyard. The company confirmed that it is negotiating a contract with Mr. Day.

Mr Day is well known in European shipbuilding circles as the man who ran Cammell Laird, the Liverpool shipbuilder, from 1971 to 1975, before being asked by the British Government to take the top executive job in the company formed to control the newly nationalised shipbuilding industry in Britain.

Mr. Day, however, withdrew from that role in 1976 in protest at the political delays over the nationalisation process, which he said were taking place at a time when an unprecedented slump in the industry threatened the existence of many British shipyards.

From there, Mr Day went back to his native Halifax, Nova Scotia, where he has been Professor of Maritime Studies and a business school teacher at Lalhousie University. He has also carried out consultancy work for the Canadian Government on the future of the country's maritime industries.

Mr Day said he would be moving to Dome's headquarters in Calgary next month and expected to spend between 12 and 18 months there before moving to the site of the new shipyard.

This project, he said, would occupy most of his time, although as head of Dome's shipbuilding interests, he will also have some interest in Davie Shipbuilding, the Quebec shipyard which Dome bought for C$38.6m (U.S.$35m) earlier this month.

Mr Day said Dome's objective in this large and rapid investment in the shipbuilding industry was to build upon its current oil technology for use in severe weather conditions.

For the Canadian Government, the Dome project will be a major item in the Trudeau Administration's efforts to *Canadianise* energy industry technology and as such can be expected to receive strong Government support. About 85 per cent of the goods and services currently being used in Canada's offshore energy programme are imported and the reversal of this trend is a central objective of Government industrial policy.

Lowest coupon since May for Kobe SwFr 100m bond

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE CITY of Kobe is raising SwFr 100m through a bond issue led by Union Bank of Switzerland which bears a coupon of only 7 per cent, the lowest coupon seen in this market since early May. Since then rates have gone as high as 8 per cent for some borrowers.

*Following the continuing im*provement in secondary bond market conditions, the issue was priced over par at 100¼ per cent to *yield 6.93 per cent.*

Dealers in Switzerland said prices of seasoned bonds rose about ¼ of a point yesterday as the Swiss franc continued strong in the exchange market. Short term Swiss franc rates have also been declining recently, prompting a gradual shift by investors into longer term paper.

But they said that the market still remains vulnerable to unpredictable interest rate move*ments* and investors are also very selective. One of the reasons why the City of Kobe issue could be launched on such a *low yield was that it is a* highly prized name which has never before tapped the Swiss market.

Developments in Switzerland were in marked constrast to other international bond markets, particularly Germany, *where prices fell again yester*day by about ¼ of a point.

The D-mark is being pulled lower on exchange markets by the weakness of the French franc, while some bankers believe the Swiss currency is benefiting *from flight* capital leaving France now that Communists have been appointed to the French Cabinet.

This, coupled *with the* large Federal Government financing needs, continues to weigh on the bond market.

Dollar Eurobonds *traded* very quietly yesterday, although early losses were pared towards the close, leaving prices about unchanged on the day.

In other news, Denmark's Mortgage Bank is floating a Fl 100m 10-year, 12 per cent issue through *AmRo* Bank which will set a price next Thursday, and Furukawa Electric's convertible issue has been *raised to* $60m *from* $50m.

Japanese steel process for U.S. producers

By Our New York Staff

TWO LARGE U.S. steel companies have agreed with Nippon Kokan of Japan to use the Japanese company's technology to produce a low-weight, high-strength type of steel for use in the U.S. auto industry.

Inland Steel, the seventh largest steel company, said yesterday it would build a 400,000 tons per year capacity continuous annealing line at its Indiana Harbour works in East Chicago. Bethlehem Steel plans a smaller unit at its Burns Harbour facility.

Continuous annealing by the NKK method involves adding an additional heating and cooling sequence to traditional annealing methods used in the U.S. industry.

Original annealing technology was licensed by American companies to the Japanese in the 1960s and American steel makers are now having to buy back this technology in an improved form from Japan.

The use of continuously annealed steel in the Japanese motor industry is now quite common, but the technique has not so far been applied in the U.S.

Mr Frederick Jaicks, chairman of Inland, said that by 1985 U.S. cars would be 15-to-20 per cent lighter than 1980 models.

Setback for Continental Air plan

BY OUR NEW YORK STAFF

CONTINENTAL AIR LINES' plan to turn itself into the largest employee-owned company in the U.S. has been dealt a blow bya ruling from the New York Stock Exchange which says the plan as currently conceived would result in the delisting of the shares.

Mr John Phelan, president of the exchange, said in a letter to Continental that the plan to issue 15.4m new shares to be controlled by employees would *result in a change of control of* the company and that under the exchange's rules, such a development ought to be the subject *of a shareholder vote.*

Continental, which said yesterday it would ask for a reconsideration of the decision, wants toavoid a shareholder vote because it fears this would present a further opportunity for Texas International Airlines to derail the employee stock plan and help Texas towards its goal of taking over Continental.

Texas owns 48.5 per cent of Continental, but has been barred from exercising its voting rights except in specific instances authorised by the Civil Aeronautics Board before the board makes a ruling on whether Texas can take over Continental, a decision due before the end of August.

The stock exchange ruling, however, addressed that problem by stating that in any shareholder vote, Texas's shares would have to be voted for or against the employee stock plan in the same proportion as votes cast by other shareholders, in effect neutralising Texas's voting power

Rather than risk either a vote against the employee stock plan or a delay which would allow Texas a chance for further legal maneouvres, Continental was yesterday also studying the viability of voluntarily de-listing from the New York Stock *Exchange.*

The American Stock Exchange, however, has similar rules to its larger counterpart. So, if Continental shares are to be listed anywhere, it would probably have to be in the over the counter market

Bendix forecasts sharp earnings rise

BY OUR FINANCIAL STAFF

BENDIX the Michigan-based manufacturer which has been redeploying its assets into high technology business areas, expects earnings the third quarter of this year to be at least 60 per cent higher than the $1.25 a share earned from operations in the comparable period. The Board said yesterday that it expected the full year's earnings from continuing operations to show a "dramatic increase" from last year's $7.48 a share.

It attributed the increase in earnings to significantly improved results from the group's automotive operations, income on proceeds from recent divestments and the effects of its common stock repurchase earlier this year.

Also, the third quarter results should show a per share gain of about $1.20 from the final phase of the sale of its stake in ASARCO.

Having sold its forest products and also the stake in ASARCO, which previously brought in about 14 per cent of group profits, Bendix now manufactures *automotive brake and steering* systems, aerospace electronics products and industrial energy control equipment.

Brazil 'has right to expect' better borrowing terms

BY OUR EUROMARKETS CORRESPONDENT

BRAZIL now has no problems raising money abroad and "has the right to expect some decrease in Eurocurrency spreads from now on," according to Dr Roberto Campos, its ambassador to Britain.

In the first five months of the year Brazil managed to raise $8.4bn abroad out of a total requirement for 1981 of some $14bn, Dr Campos told a Brazilian Chamber of Commerce lunch in London.

The Brazilian Government confidently expects that a combination of further Eurocredits, suppliers' credits, direct investment flows and loans from the World Bank and Inter-American Development Bank will allow it to cover remaining needs comfortably.

Dr Campos acknowledged that last year had been a difficult one for Brazil in the Euromarkets, but he said that there had been a change in sentiment since the start of this year.

This was due in part to the accentuation of the liquidity and credit squeeze within Brazil itself: which was likely to curb economic growth this year to about 5 per cent from 8.2 per cent in 1980 and help reduce the trade deficit.

Already in the first four months of the year the trade deficit had fallen to $460m, less than a quarter of its level in the corresponding period of 1980.

Brazil's position in the Euromarket *had been further helped* by a greater flexibility allowed by the central bank to private and public sector bodies nego*tiating loans on international* markets.

Standard spreads on Brazilian public sector loans now stand at *2¼ per cent over Libor or 2 per* cent over U.S. prime.

Dean Witter growth slows

By Our Financial Staff

A SLACKER trading pace in the third quarter of the year is indicated in the results from Dean Witter Reynolds, one of the major companies in the U.S. securities industry. Nevertheless, Dean Witter is still showing a substantial gain in earnings over the first nine months, with the net total standing at $40.9m or $3.69 a share, against $26.4m last time. Revenues for the nine months were $644.9m against $519.8m.

In the third quarter, earnings moved up more slowly, to total $12.7m against last year's $11.1m. Revenues were $225.5m compared with $182.2m.

For the whole of fiscal 1979-80 Dean Witter earned $36m.

Through its 270 offices all 50 U.S. states and offices in eight foreign countries, Dean Witter provides investment banking, *commodity trading as* well as investment broking services.

Bloedel sells St. John mill

By Robert Gibbens in Montreal

MACMILLAN BLOEDEL of Vancouver, 49 per cent controlled by the Noranda Mines group, is selling all the common shares of MacMillan Rothesay of St. John, New Brunswick to the Irving family group for C$145m (U.S.$120m).

MacMillan Rothesay operates a twin machine newsprint mill at St. John with a capacity of 310,000 metric tonnes which exports to the east coast of the U.S. and to Europe.

The company was set up in 1969 as a joint venture between MacMillan Bloedel and Feldmulhe of West Germany. MacMillan later bought out the German company's interest

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13. Closing prices on June 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	65	99½	100¼	−0¼	−0¼	15.23
Amoco 13¼ 88	75	94⅞	95½	+0⅛	−0⅛	14.39
CIBC 14½ 84	185	98	98½	−0⅛	−0½	15.24
CIBC 15¼ 86	75	99⅞	100⅜	−0⅛	−1	15.21
CNA 15½ 96	75	98⅛	98⅝	0	−0⅛	15.53
CNE 12¾ 91	100	88½	89	0	−1	14.99
Citicorp O/S 12 87	200	90⅛	90⅝	0	−0⅞	14.38
Citicorp O/S 15½ 84	175	100⅛	100⅝	0	−0⅛	15.32
Con. Illinois O/S 9¾ 86	150	83	83½	−0⅛	−0⅛	14.70
Dupont Canada 13½ 91	65	95	95½	−0⅛	−0⅜	14.40
EIB 14¾ 89	75	88¾	89¼	0	−0½	15.22
Eldorado 13¼ 86	50	94½	95	−0⅛	−0⅛	14.82
Elec. de France 13 88	125	92⅜	92⅞	−0⅛	−0⅛	14.78
Export Dv Cpn. 9½ 86	150	82⅜	82⅞	0	−0⅛	14.98
Fed. Bs D. 12¼ 85 (N)	50	92	92½	0	−0¼	14.70
Fed Bs D. 15¾ 84 (J)	40	100¾	101¼	−0⅛	0	15.29
Fin. Exp. Credit 10½ 85	50	85⅜	85⅞	+0⅛	+0⅛	16.57
Finland, Rep. of 9½ 86	100	80⅜	80⅞	0	+0⅛	15.56
Ford Cr. O/S Fin. 16 84	150	101	101½	−0⅛	−1⅛	15.28
Gaz de France 13½ 85	80	95⅜	95⅞	−0⅛	−0⅜	14.81
GMAC O/S Fin. 12 87	100	87⅞	88⅜	−0⅛	−0⅛	15.01
GMAC O/S Fin. 12⅞ 88	100	91¼	91¾	0	0	14.93
Gen Mtrs. O/S 11¾ 87	100	88⅛	88⅝	0	0	14.65
Genstar 14½ 91	50	98	98½	0	−0⅛	15.07
GTE Fin 13¾ 86 (WW)	50	96⅜	96⅞	+0⅛	+0⅛	14.75
Hiram Walker 16 86	50	102⅛	102⅝	0	−0⅛	15.26
IBM Wld. Trade 13½ 88	200	95½	96	+0⅛	−0⅞	13.47
IBM Wld. Trade 14¾ 84	100	100½	101	+0⅛	+0⅛	14.41
Nat. Bk. Canada 15¼ 84	40	98⅞	99⅜	0	0	15.74
Newfoundland 13½ 90	60	94	94½	−0⅛	−0⅛	14.67
OKB 10 85	50	85½	86	0	−0⅛	14.92
Ontario Hydro 13½ 91	100	94½	95	−0⅛	−0⅜	14.50
Queb. Hy. 13 91 (WW)	100	89½	90	+0⅛	+0⅛	15.04
Royal Bk. Canada 14 86	100	98⅛	98⅝	0	−0⅛	14.45
SNCF 13 81	75	91	91½	−0⅛	0	14.71
Sth. California Ed. 14 87	50	97½	98	+0⅛	0	14.56
Sven Handlsbk. 13½ 88	45	93	93½	0	−0⅛	15.38
Swed Ex. Credit 13 86	75	91⅜	91⅞	0	−0½	15.63
Swed Ex Cred. 15¾ 86	50	100⅜	100⅞	−0⅛	0	15.54
Tordom Corpn 15½ 86	25	†100⅞	101⅜	+0⅛	0	15.15
Toronto-Dom Bk 14 84	50	97⅜	97⅞	0	0	15.15
Tribune O/S Fin. 14 86	50	95⅜	96⅛	−0⅛	−0⅞	15.19
Wells Fargo Int. 15½ 84	50	100⅝	101⅛	+0⅛	+0⅛	15.05
World Bank 9¾ 85	200	85	85½	0	−0⅛	14.93
World Bank 10¼ 87	300	82⅜	82⅞	−0⅛	−0⅞	14.80

Average price changes... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	98⅝	99⅛	−0⅛	+0¼	10.15
Austria, Rep. of 8¾ 92	150	87⅞	88⅜	−0⅞	+1	10.11
CECA 7⅞ 92	150	85½	86¼	−0⅛	−0⅛	10.02
CECA 10 91	120	100⅝	101⅛	0	−0⅛	9.80
CII-Honeywell 8¾ 90	125	87½	88¼	−0½	−0⅜	10.50
Council of Europe 10 91	100	98⅞	99⅜	−0⅞	−0⅞	10.11
EIB 8½ 90	200	88⅜	88⅞	−0⅞	−0⅜	10.48
EIB 10½ 91	200	99¾	100¼	−0⅛	−1⅛	10.46
ESCOM 9¾ 87	100	90⅞	91⅜	−0⅛	−0⅞	11.22
Finland, Rep. of 10 89	100	97¾	98¼	0	+0⅞	10.37
Iberduero SA 9 90	100	88⅞	89⅜	−0⅛	−0⅛	10.91
Ind. Bk. Finland 8½ 90	50	88½	89¼	−0⅛	−0⅛	10.40
Int.-Am Dv Bk 10 91	100	99½	100	−0⅛	−0⅛	10.06
Japan Air Lines 8½ 87	100	91½	92	−0⅜	−0⅛	9.94
Japan Dev. Bk 7¾ 87	100	87½	88⅛	−0½	−0⅛	10.36
Kobe, City of 8 90	100	86⅝	87⅛	−0½	−0⅝	10.28
Midland Int. Fin 8½ 90	180	89	89½	−0⅛	+0⅛	10.31
Nurlehras 9¾ 88	100	86⅛	87⅛	−0⅛	+1	12.63
OKB 8¾ 92	150	85½	87	−0⅛	+0⅛	10.34
Oslo, City of 8¾ 90	80	91¾	92½	0	+1	10.14
Venezuela, R. of 9¾ 90	150	93½	94¼	−0½	−0⅞	10.80
World Bank 8 90	700	86⅝	87⅛	0	−0⅛	10.31
World Bank 10 86	150	100⅛	101	−0⅞	+0⅛	9.82

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	95½	96	+0⅛	−0½	7.11
BEGE 6½ 91	100	†95½	95¾	+0⅞	+0⅛	7.14
Bayer Int. Fin. 5¾ 92	100	90½	90¾	−0⅞	−0⅞	6.60
Bergen, City of 6¾ 91	40	100	100½	+0½	+0⅛	6.73
Bhrmn Tetterode 7 90	40	99½	99¾	+0⅛	+0⅞	7.05
CECA 6¾ 91	80	96⅛	96⅝	+0⅛	+0⅛	7.29
Denmark 5¾ 90	80	89	89½	+0⅛	+0⅛	7.45
Dome Petroleum 5¾ 91	100	94⅜	94⅞	0	−0⅛	6.49
Elec. de France 5½ 90	100	91	91½	+0⅛	−0⅛	6.54
Eurofima 5¾ 97	80	†98½	99½	0	+0⅛	5.87
F. G. H. Hypo. Bk. 6 90	50	94	94½	+0⅛	−0⅛	6.88
Finland, Rep. of 5¾ 90	80	†88½	89¼	+0⅛	+0⅛	7.33
Franc. Petroles 6½ 91	80	†97	97½	0	+0⅛	6.89
Genstar 7 91	100	102½	102⅞	+0⅛	0	6.62
Int.-Amer. Dv Bk 7 91	100	99	99½	0	+0⅞	7.12
Japan Dev Bank 5½ 90	100	93⅛	93½	+0⅛	−1⅞	6.73
Mt Blanc Tunnel 5½ 90	60	90½	90⅞	+0⅛	−0⅛	6.91
Newco 5¾ 90	80	91⅞	92⅜	−0⅛	−0⅛	6.97
OKB 7 93	100	99⅝	100	+0⅛	−0⅛	7.01
Oslo, City of 5⅞ 90	80	91⅛	91½	−0⅛	−1⅞	7.17
Philips Lamps 5¾ 92	100	89	89½	+0⅞	−0⅛	6.65
Swed. Ex. Cred. 7¾ 91	75	97⅜	97⅞	+0⅛	+0⅞	7.58
Trade Dev. Fin 6½ 90	80	92⅛	92½	0	+0⅛	7.30
Voest-Alpine 5¾ 90	80	90⅛	90½	−0⅛	0	7.21
World Bank 6 91	100	†93¼	94	−0½	−0½	6.90
World Bank 7 90	100	101⅛	101⅝	0	−0⅛	6.76

Average prices changes... On day +0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	97⅞	98⅞	+0⅛	0	8.49
Australia 6½ 88	20	85⅝	86⅛	0	−0⅛	9.31
EIB 7⅝ 89	12	92¾	93¾	+0⅞	+0⅛	9.03
Finland 5.6 83	10	91	92	0	+0⅛	9.73
Finland 6.8 88	10	85½	86½	0	−0⅛	9.67
Finland, Rep. of 8⅛ 87	15	97¾	98⅛	+0⅛	−0⅛	8.76

Average price changes .. On day +0⅞ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	87	88	0	−0⅞	14.24
CIBC 13½ 85 C$	50	94	95	0	−0⅛	15.45
CIBC 11½ 85 C$	60	86½	87½	0	−0¼	16.09
Federal Dev 11½ 90 C$	60	†80½	81½	0	−0½	15.54
Fst. Can. Inv. 10 84 C$	60	†85¾	86¾	0	−0⅛	16.31
R. Bk. Canada 10 86 C$	40	88⅛	89⅛	0	−0⅞	13.29
Tordom Cpn. 13½ 85 C$	30	†94½	95½	0	−0	15.28
M. Bk. Dnmk. 9 91 EUA	25	86⅞	88⅛	0	−0⅛	11.06
SOFTE 8½ 89 EUA	40	87⅜	88½	0	0	10.60
U. Bk. Nwy. 9½ 90 EUA	18	94⅜	96⅛	−0⅛	−1	10.29
Algemene Bk. 10¾ 86 Fl	60	95	95½	+0⅛	−0⅛	11.59
Amro Bank 12 86 Fl	75	99⅞	100⅜	0	−0⅛	11.98
Bk. Mees & H. 10 85 Fl	75	93½	94	+0½	−0⅛	12.00
Heineken NV 10 87 Fl	100	93½	94	+0½	0	11.46
Nat. Nedrlndn. 10 88 Fl	60	94⅛	94⅝	0	−0⅛	11.22
Ned. Midd. Bk. 10 85 Fl	75	93⅜	93⅞	+0⅛	−0⅛	11.98
Pierson 10¾ 86 Fl	50	93⅞	94⅜	−0⅛	−0⅛	11.92
Air France 14½ 86 FFr	200	91⅝	92⅝	+0⅛	−0⅛	16.97
Bk. America 14½ 86 FFr	250	89⅝	90⅝	+0⅛	−0⅛	17.74
Charb'nages 13⅞ 85 FFr	400	88¾	89¾	+0⅛	−2	17.43
EIB 14⅛ 88 FFr	300	87⅛	88½	0	+1⅛	17.36
La Redoute 14⅛ 85 FFr	125	86½	87½	+0⅛	−1	18.80
OKB 14 86 FFr	400	91½	92½	0	−0½	16.52
Solvay et C. 14¾ 86 FFr	200	94⅜	95⅛	0	−4	16.24
Swed. E. Cr. 14¾ 86 FFr	250	88⅝	89⅛	+0⅛	−2⅛	18.33
U. Mex. Sts. 14 85 FFr	150	89⅛	90⅛	+0⅛	−0⅛	17.87
Acona 14 85 £	20	93½	94½	0	−0⅛	15.90
Beneficial 14¾ 90 £	20	87⅞	88⅞	−0⅛	−0⅛	16.75
BNP 13½ 91 £	15	89⅞	90⅞	−0⅛	−0⅞	15.47
CECA 13½ 88 £	20	91¼	92½	+0⅛	−0⅛	15.31
Citicorp O/S 13½ 90 £	50	93⅞	94⅞	0	−0⅛	14.67
Fin. Ex. Cred. 13¾ 86 £	15	93	93¾	0	−0⅜	15.77
Gen. Elec. Co. 12½ 89 £	50	88⅜	89⅜	0	−0⅛	14.96
Hiram Walker 14¾ 86 £	25	95⅛	96⅛	0	−0⅛	15.48
Privatbanken 14½ 88 £	12	92½	92⅞	+0⅛	−0⅛	16.23
Rothschild 14⅛ 90 £	12	94	94⅞	0	−0⅞	15.41
Royal Trustco 14 86 £	12	96⅛	98⅞	−0⅛	−0⅛	15.03
Swed. Ex. Cr. 13¾ 86 £	20	94⅛	94⅞	0	+0⅛	15.41
Akzo 9¾ 87 LuxFr	500	89⅜	90⅜	0	0	11.57
Euratom 9¾ 88 LuxFr	500	86⅛	87⅛	+0⅛	−0⅛	12.36
Eurofima 10½ 87 LuxFr	500	90¾	91¾	0	−0⅞	12.55
EIB 9¾ 88 LuxFr	600	89⅛	90⅛	−0⅛	0	12.03
Volvo 9¾ 87 LuxFr	500	87⅛	88⅛	0	+0⅛	12.64

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0⅛	99⅛	99⅝	12/12	16⅛	16.86
Bank of Tokyo 5¼ 89	‡0⅛	98½	99	25/7	16½	16.77
BBL Int. 5 86	0⅛	99⅞	100⅜	20/11	18.31	18.29
BNP 5½ 88	‡0⅛	98⅞	99⅜	29/7	16.44	16.58
CNT 5½ 86	§0⅛	99⅛	99⅝	16/10	16.81	16.90
Christiania Bk. 5½ 91	‡0⅛	97⅞	98⅜	5/8	17.31	17.64
Citicorp O/S Fin. 84	‡0	99⅛	99⅝	30/6	18⅞	18.99
C. Itoh 5¼ 87	0⅛	98⅞	99⅜	18/9	15.44	15.59
Co-operative Bk. 6 86	0¼	99⅝	100⅛	15/11	19.56	19.59
Den Norske Credit 6 90	‡0⅛	98⅞	99⅜	5/8	17.31	17.51
Genfinance 5⅛ 87	0⅛	99	99½	30/10	16.94	17.07
Genfinance 5⅛ 92	0⅛	99½	99⅞	30/6	5⅛	5.23
Giro und Bank 5¼ 91	‡0⅛	98⅞	99⅜	23/9	19.06	19.23
GZB 5½ 89	‡0⅛	98⅝	99⅛	1/8	17.31	17.51
GZB 5¼ 92	‡0⅛	98½	99	5/9	17⅜	17.47
Ind. Bank Japan 5¾ 87	0⅛	99⅝	100⅛	15/10	17.06	17.08
Ind. Bank Japan 5⅛ 88	0⅛	98⅞	99⅜	9/10	16.44	16.58
Lloyds Eurofin 8 90 £	0⅛	97⅛	97⅝	3/7	14½	14.89
Lloyds Eurofin 5¼ 92	0⅛	99	99½	4/12	17.44	17.57
LTCB Japan 5¼ 86	0⅛	99¾	100¼	13/12	17⅛	17.25
Man. Hanov. O/S 5¾ 94	‡0⅛	99⅛	99⅝	30/8	19.06	19.13
Merrill Lynch O/S 87	0⅛	100	100½	7/8	20.44	20.39
Midland Int. Fin. 5¾ 92	0⅛	99⅛	99⅝	5/12	17⅛	17.48
Midland Int. Fin. 9 91	0⅛	98⅛	98⅝	30/10	16.81	17.09
Nacional Fin. 6¼ 86	0⅛	99⅛	99⅝	25/7	17⅜	17.84
Nacional Fin. 5½ 88	0⅛	96⅞	97⅛	25/9	14⅞	15.32
Nat. Bk. Canada 5¼ 88	0⅛	97⅞	98⅛	24/9	14½	14.78
Nat. West. 5¾ 94	§0⅛	98⅛	98⅝	14/10	16.19	16.45
Nat. West. 5¾ 92	§0⅛	99⅛	99⅞	23/10	16.81	17.07
Pemex 6 91	0⅛	97	97½	8/10	15.31	15.75
Sparebanken 6 87	0⅛	98½	99	19/12	18.87	17.03
Standard Chart. 5¼ 90	0⅛	98⅞	99⅜	3/9	17.06	17.21
Svenska Hndlsbk. 5 87	0⅛	99¾	100⅛	15/7	17.81	17.83

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	99⅞	101⅛	+0⅛	8.70
Canon 6¾ 95	1/81	829	165⅝	166⅞	−2⅞	−1.44
Credit Suisse 4¾ 93	10/78	12.36	86⅛	87⅛	+0⅛	−2.55
Digicon Fin. 8½ 95	10/81	29.6	104	105	−0⅞	14.69
Fujitsu 5½ 96	7/81	732	105¾	106⅞	−0⅛	13.00
Hanson O/S Fin. 9½ 96	8/81	2.74	96½	97	0	1.91
Ina Overseas 8¼ 2000	4/81	42	109½	111	−0⅛	0.12
Inchcape 8 95	2/81	4.55	81	82½	0	4.87
Kotobukiya Co. 7 96	4/81	619	†96⅞	97⅛	+1½	0.65
Marion Int. Fin. 9 95	12/80	15.5	78⅛	79½	+0⅛	16.43
Marui 6 96	7/81	931	101	102	−0½	−0.41
Matsushita El. 7½ 95	11/80	590	97	98	−0⅞	−2.36
NKK 6½ 96	7/81	188	116⅛	117⅛	−1	25.62
Ricoh 6⅛ 95	8/80	604	146⅛	147⅛	−0½	−0.01
Sumitomo M. Ind. 7 95	2/81	181	144⅞	145½	−2⅛	0.47
Swiss Bk. Cpn. 6¼ 90	9/80	200	75⅛	77	−0⅛	26.82
Taylor Woodrow 8⅞ 90	1/81	4.94	92½	94	+1⅛	3.68
Tokyu Land Cpn. 7¼ 96	4/81	325	†99	100	−0⅛	6.80
Transco Int. 8¾ 95	2/81	68	81½	82½	−0⅛	41.16
Tricorp 8½ 95	12/80	31.25	82⅛	83½	−0½	10.21
Union Bk. Switz. 5 89	2/80	70.79	73	75	0	2.87
Fujitsu 5 84 DM	7/79	431.5	194⅛	195⅛	+2⅛	−0.26
Sharp Cpn. 6½ 88 DM	9/80	595	187½	188⅛	−0⅛	[illegible]
Uny Co. 6½ 85 DM	11/79	879.3	118⅝	119⅛	−0⅛	−2.82

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

CENTRAIS ELETRICAS BRASILEIRAS S.A.
ELETROBRAS

U.S. $300,000,000
MEDIUM TERM FINANCING

LEAD MANAGED BY

ARAB BANKING CORPORATION (ABC)
CHASE MERCHANT BANKING GROUP
COMPAGNIE LUXEMBOURGEOISE DE LA DRESDNER BANK AG
—DRESDNER BANK INTERNATIONAL—
BANKAMERICA INTERNATIONAL GROUP
CIBC LIMITED
LIBRA BANK LIMITED
NATIONAL BANK OF CANADA
THE NIPPON CREDIT BANK, LTD.

MANAGED BY

BANCO DO BRASIL S.A.
CONTINENTAL BANK OF CANADA
EUROPEAN BRAZILIAN BANK—EUROBRAZ
BANCO REAL S.A.
CROCKER NATIONAL BANK
THE TORONTO DOMINION BANK

PROVIDED BY

BANK OF AMERICA NT & SA.
NATIONAL BANK OF CANADA
THE CHASE MANHATTAN BANK, N.A.
LIBRA BANK LIMITED
THE NIPPON CREDIT BANK, LTD.
BANCO REAL S.A.
CONTINENTAL BANK OF CANADA
EUROPEAN BRAZILIAN BANK LIMITED—EUROBRAZ
AMERICAN SECURITY BANK INTERNATIONAL (NASSAU), LTD.
BANCO DO ESTADO DE SAO PAULO S.A.
GRAND CAYMAN BRANCH
EURO-LATINAMERICAN BANK LIMITED
—EULABANK—
NOMURA EUROPE N.V.
STATE BANK OF INDIA
KOREA FIRST BANK
BANCO SIMEON, S.A.
JERSEY INTERNATIONAL BANK OF COMMERCE LIMITED
CANADIAN IMPERIAL BANK OF COMMERCE
ARAB BANKING CORPORATION (ABC)
COMPAGNIE LUXEMBOURGEOISE DE LA DRESDNER BANK AG
—DRESDNER BANK INTERNATIONAL—
BANCO DO BRASIL S.A.
GRAND CAYMAN BRANCH
CROCKER NATIONAL BANK
THE TORONTO DOMINION BANK
BANCA NAZIONALE DELL'AGRICOLTURA
NEW YORK BRANCH
BANQUE CONTINENTALE DU LUXEMBOURG S.A.
THE MERCANTILE BANK OF CANADA
THE DEVELOPMENT BANK OF SINGAPORE LIMITED
SEATTLE—FIRST NATIONAL BANK (SWITZERLAND) ZURICH
BANCO DE PONCE
BANCA CATALANA, S.A.
THE CONNECTICUT NATIONAL BANK
TATLEE BANK LTD SINGAPORE
UNION BANK OF INDIA
LONDON BRANCH

AGENT

BANK OF AMERICA NT & SA

June 1981

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

THE KINGDOM OF DENMARK

U.S.$600,000,000
MEDIUM TERM LOAN

LEAD MANAGED BY

CHASE MERCHANT BANKING GROUP
COPENHAGEN HANDELSBANK A/S
PRIVATBANKEN A/S
DEN DANSKE BANK AF 1871 AKTIESELSKAB
R. HENRIQUES JR.

AND

ALGEMENE BANK NEDERLAND N.V.
THE BANK OF TOKYO, LTD.
CIBC LIMITED
CREDIT AGRICOLE
GULF INTERNATIONAL BANK B.S.C.
THE MITSUBISHI BANK, LIMITED
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
THE ROYAL BANK OF CANADA (LONDON) LIMITED
STANDARD CHARTERED BANK LIMITED
ARAB BANKING CORPORATION (ABC)
CAISSE DES DEPOTS ET CONSIGNATIONS
CITICORP INTERNATIONAL GROUP
THE DAI-ICHI KANGYO BANK, LIMITED
MANUFACTURERS HANOVER LIMITED
THE MITSUI BANK, LIMITED
NORDIC BANK LIMITED
RABOBANK NEDERLAND
SAUDI INTERNATIONAL BANK
AL-BANK AL-SAUDI AL-ALAMI LIMITED
TORONTO DOMINION INTERNATIONAL BANK LIMITED

MANAGED BY

ALLIED IRISH BANKS LIMITED
BANCO DE BILBAO, S.A.
BANCO DE VIZCAYA
THE FUJI BANK, LIMITED
THE MITSUBISHI TRUST AND BANKING CORPORATION
THE NIPPON CREDIT BANK, LTD.
THE ROYAL BANK OF SCOTLAND LIMITED
ASSOCIATED JAPANESE BANK (INTERNATIONAL) LIMITED
CONTINENTAL BANK OF CANADA
MANUFACTURERS HANOVER BANQUE NORDIQUE (MHBN)
THE MITSUI TRUST AND BANKING COMPANY, LIMITED
THE SANWA BANK, LIMITED
WILLIAMS & GLYN'S BANK LIMITED

CO-MANAGED BY

ARAB BANK FOR INVESTMENT AND FOREIGN TRADE
THE TOKAI BANK, LIMITED
THE BANK OF NEW YORK
THE TAIYO KOBE BANK, LIMITED

PROVIDED BY

ALGEMENE BANK NEDERLAND N.V.
JERSEY BRANCH CHANNEL ISLANDS
CAISSE DES DEPOTS ET CONSIGNATIONS
CANADIAN IMPERIAL BANK OF COMMERCE
CREDIT AGRICOLE
GULF INTERNATIONAL BANK B.S.C.
THE MITSUBISHI BANK, LIMITED
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
RABOBANK NEDERLAND
SAUDI INTERNATIONAL BANK
AL-BANK AL-SAUDI AL-ALAMI LIMITED
ALLIED IRISH BANKS LIMITED
BANCO DE BILBAO, S.A.
CONTINENTAL BANK OF CANADA
MANUFACTURERS HANOVER BANQUE NORDIQUE (MHBN)
THE MITSUI TRUST AND BANKING COMPANY, LIMITED
THE ROYAL BANK OF SCOTLAND LIMITED
WILLIAMS & GLYN'S BANK LIMITED
THE BANK OF NEW YORK
THE TOKAI BANK, LIMITED
RABOBANK CURACAO N.V.
AMERICAN SCANDINAVIAN BANKING CORPORATION
THE HOKKAIDO TAKUSHOKU BANK, LIMITED
NOMURA EUROPE N.V.
SPARBANKERNAS BANK
BANCO ESPIRITO SANTO E COMERCIAL DE LISBOA
LONDON BRANCH
SPARBANKEN STOCKHOLM
EAST-WEST UNITED BANK S.A.
(BANQUE UNIE EST-OUEST S.A.) LUXEMBOURG
OESTERREICHISCHE VOLKSBANKEN-AKTIENGESELLSCHAFT
ARAB BANKING CORPORATION (ABC)
THE BANK OF TOKYO, LTD.
THE CHASE MANHATTAN BANK, N.A.
CITIBANK, N.A.
THE DAI-ICHI KANGYO BANK, LIMITED
MANUFACTURERS HANOVER BANK (GUERNSEY) LIMITED
THE MITSUI BANK, LIMITED
NORDIC BANK LIMITED
THE ROYAL BANK OF CANADA (OVERSEAS) N.V.
STANDARD CHARTERED BANK LIMITED
TORONTO DOMINION BANK
ASSOCIATED JAPANESE BANK (INTERNATIONAL) LIMITED
BANCO DE VIZCAYA
THE FUJI BANK, LIMITED
THE MITSUBISHI TRUST AND BANKING CORPORATION
THE NIPPON CREDIT BANK, LTD.
THE SANWA BANK, LIMITED
ARAB BANK FOR INVESTMENT AND FOREIGN TRADE
THE TAIYO KOBE BANK, LIMITED
MIDLAND BANK TRUST CORPORATION (JERSEY) LIMITED
THE RIGGS NATIONAL BANK OF WASHINGTON, D.C.
THE DAIWA BANK, LIMITED
KYOWA BANK NEDERLAND N.V.
THE YASUDA TRUST AND BANKING CO. LTD.
FIRST NATIONAL STATE BANK OF NEW JERSEY
BANK FUER ARBEIT UND WIRTSCHAFT AG
PRIVATBANKEN A/S
BANQUE INTERCONTINENTALE ARABE
JERSEY INTERNATIONAL BANK OF COMMERCE LIMITED
TAT LEE BANK LIMITED SINGAPORE

AGENT

THE CHASE MANHATTAN BANK, N.A.

JUNE, 1981

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

COMPANHIA VALE DO RIO DOCE

U.S. $300,000,000
MEDIUM TERM CREDIT FACILITY

LEAD MANAGED BY

ARAB BANKING CORPORATION (ABC)
THE BANK OF TOKYO, LTD.
CITICORP INTERNATIONAL GROUP
THE INDUSTRIAL BANK OF JAPAN LIMITED
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BANKERS TRUST INTERNATIONAL LIMITED
CHASE MERCHANT BANKING GROUP
COMPAGNIE LUXEMBOURGEOISE DE LA DRESDNER BANK AG
—DRESDNER BANK INTERNATIONAL—
NATIONAL BANK OF CANADA
THE ROYAL BANK OF CANADA (LONDON) LIMITED

MANAGED BY

BANCO DO BRASIL S.A.
BANCO REAL S.A.
GRAND CAYMAN BRANCH
CONTINENTAL BANK OF CANADA
BANCO LATINOAMERICANO DE EXPORTACIONES (BLADEX)
CIBC LIMITED
WELLS FARGO BANK, N.A.

CO-MANAGED BY

THE HOKKAIDO TAKUSHOKU BANK, LTD.
NEW YORK BRANCH

PROVIDED BY

ARAB BANKING CORPORATION (ABC)
THE BANK OF TOKYO TRUST COMPANY
CITICORP INTERNATIONAL BANK, S.A.
THE INDUSTRIAL BANK OF JAPAN, LIMITED
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
THE ROYAL BANK OF CANADA GROUP
BANCO LATINOAMERICANO DE EXPORTACIONES (BLADEX)
CONTINENTAL BANK OF CANADA
THE HOKKAIDO TAKUSHOKU BANK, LTD.
NEW YORK BRANCH
BANCO DEL ESTADO DE CHILE
MELLON BANK, N.A.
THE MITSUI TRUST AND BANKING CO., LTD.,
NEW YORK BRANCH
SHAWMUT BANK OF BOSTON N.A.
BANCO NACIONAL S.A. NEW YORK AGENCY
BANCO PORTUGUES DO ATLANTICO
NEW YORK AGENCY
ORION BANK LIMITED
THE SUMITOMO TRUST AND BANKING CO. LIMITED
BAHRAIN INVESTMENT COMPANY B.S.C.
BANCO DE PONCE
KUWAIT REAL ESTATE BANK (K.S.C.)
UNITED OVERSEAS BANK LTD.
EUROPEAN BRAZILIAN BANK LIMITED
—EUROBRAZ—
BANKERS TRUST COMPANY
THE CHASE MANHATTAN BANK, N.A.
COMPAGNIE LUXEMBOURGEOISE DE LA DRESDNER BANK AG
—DRESDNER BANK INTERNATIONAL—
NATIONAL BANK OF CANADA
BANCO DO BRASIL S.A. GRAND CAYMAN BRANCH
BANCO REAL S.A. GRAND CAYMAN BRANCH
CANADIAN IMPERIAL BANK OF COMMERCE
WELLS FARGO BANK, N.A.
BANCA NAZIONALE DELL' AGRICOLTURA,
NEW YORK BRANCH
EURO-LATINAMERICAN BANK LIMITED
—EULABANK—
OLD STONE BANK
THE RIGGS NATIONAL BANK OF WASHINGTON D.C.
BANCO DO ESTADO DE SAO PAULO S.A.
GRAND CAYMAN BRANCH
THE FUJI BANK AND TRUST COMPANY
THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED
SAUDI INTERNATIONAL BANK
AL-BANK AL-SAUDI AL-ALAMI LIMITED
BANCO DE LA NACION
IRVING TRUST COMPANY
NATIONAL BANK OF WASHINGTON
BANCO SIMEON
NATIONAL CITY BANK OF MINNEAPOLIS
THE NIPPON TRUST AND BANKING CO. LTD.

AGENT

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

APRIL 10TH 1981

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

HEC

HIDROELÉCTRICA DE CATALUÑA S.A.

CDN $60,000,000
MEDIUM TERM CREDIT FACILITY

LEAD MANAGED BY

CHASE MERCHANT BANKING GROUP
BANK OF MONTREAL
CIBC LIMITED
NATIONAL BANK OF CANADA

MANAGED BY

THE BANK OF YOKOHAMA, LTD
NEW YORK BRANCH
CENTRAL TRUST COMPANY
CREDIT SUISSE (CANADA) LIMITED
MIDLAND FINANCIAL SERVICES LIMITED

FUNDS PROVIDED BY

CHASE MANHATTAN CANADA LIMITED
NATIONAL BANK OF CANADA
THE BANK OF YOKOHAMA, LTD.
NEW YORK BRANCH
MIDLAND FINANCIAL SERVICES LIMITED
CANADIAN IMPERIAL BANK OF COMMERCE
BANK OF MONTREAL
CENTRAL TRUST COMPANY
CREDIT SUISSE (CANADA) LIMITED
THE DAI-ICHI KANGYO BANK, LIMITED

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APRIL 1981

Court documents reveal FFr 1bn 'hole' at Boussac

BY DAVID WHITE IN PARIS

BOUSSAC - Saint - Freres, the struggling French textile concern put into temporary receivership on Wednesday night, faced a financial "hole" of more than FFr 1bn ($175m), according to documents given to the commercial court in Lille.

The company, the manufacturing arm of Agache-Willot, the most powerful force in the natural fibres end of the French textile industry, is to be put under a team of three receivers under the judicial settlement procedures agreed on by the court.

The court accepted the petition lodged by M Antoine Willot, chairman of Boussac-Saint-Freres, for judicial settlement rather than immediate liquidation of the group, the core of which is the former Boussac concern, itself under receivership for several months before Agache-Willot took it over three years ago.

Although the Government's suggestion of appointing a legal administrator with wide-ranging powers over the group was not taken up by the court, the new French administration is clearly determined to play an active role in a solution. The Prime Minister's office was reported yesterday to have begun talks with trades unions about plans for safeguarding jobs in the group, which employs 20,000.

Documents submitted by M Willot to the commercial court show immediately recoverable short-term debt amounting to more than FFr 2bn, more than twice the group's realisable stocks of FFr 983m. Total stock assets were put at FFr 1.26bn.

Banks refused to honour FFr 40m of cheques from Boussac-Saint-Freres, and one of its banker, Credit Commercial de France, had issued instructions for no more cheques to be signed.

The court decided it was "patent" that the group was in a state of suspension of payments.

The judicial settlement order affects the parent company and all other units which are legally dependent on it. The receivers' immediate job is to establish which parts of the complex organisation come under their authority.

The court said it would be premature to say that a settlement was impossible.

BMW gives notice of capital raising plan

By Stewart Fleming in Frankfurt

BAYERISCHE Motoren Werke (BMW), the West German prestige car and motorcycle manufacturer, has warned that it expects to approach its shareholders for new equity capital.

The announcement was made by Herr Eberhard von Kuenheim, the chairman, at the annual meeting yesterday. He said, however, that it was too early to talk about the terms of such an issue. Explaining the decision he said that in 1980, *for the first* time for many years, the company's investment could not be covered from internal funds and that he was expecting this trend to continue.

In spite of the weakness of the domestic market, the West German motor manufacturer is not expecting any cut in production in the forseeable future.

Herr von Kuenheim told shareholders that up to the end of May the order inflow was above last year's level and above production levels. He said that the weakness of new car registrations could again in 1981 be offset by export sales, adding that BMW was the only German *manufacturer which had* been able to increase its exports.

To the end of June, he added, BMW's turnover rose by 10 per cent to DM 4.6bn ($1.94bn), adding that in spite of production changeovers from old 5-series models in the past months, the parent company had been able to maintain last year's production volume and was expecting an increase for the year as a whole. However, the company was expecting its 1981 results to be affected by cost pressures, but expected a satisfactory result.

Last year pre-tax profits dipped by a fifth to DM 458m despite increases in sales and production.

Versand in talks on U.S. mail order acquisition

BY ROGER BOYES IN BONN

OTTO VERSAND, Europe's third largest mail order group, has entered serious takeover negotiations with Spiegel of Chicago, in its first major attempt to gain a foothold in the U.S.

Executives from the Hamburg-based company said yesterday that the group had signed a letter of intent with Spiegel, which is owned by the major U.S. consumer credit company, Beneficial Corporation. Spiegel is regarded as the fourth largest U.S. retail mail order house.

Otto Versand has been growing rapidly both within Germany and Western Europe. Its sales in Germany rose by 12.9 per cent to DM 3.6bn ($1.52bn) last year, at a time when the domestic mail order business as a whole grew by only 6 per cent. Overall group sales reached DM 5.9bn ($2.49bn) in 1980, still significantly below the German leader Quelle (DM 9.25bn), but well ahead of Neckermann in third place.

The tightness of the German mail order market forced the company to broaden its trading base in recent years, acquiring a 50 per cent stake in the important French concern, Trois Suisses, and establishing a subsidiary in Holland.

Spiegel is substantially smaller than Otto Versand, with sales last year of $412m.

Preliminary talks have been *held between the two companies* since April but Otto Versand decided to sign a letter of intent yesterday to show that its negotiations are now serious and "to end speculation."

In 1979, Otto Versand recorded a net profit of slightly more than DM 100m but has yet to announce a profit figure for 1980.

David Lascelles in New York writes: Beneficial Corporation is one of the largest and most diversified U.S. finance companies, with interests extending well beyond consumer loans into savings, insurance and merchandising. However the merchandising division has been weakest recently, and the decision to sell Spiegel seems to be connected with its poor performance.

Spiegel's 1980 sales were $412m, down from $426.8m in 1979. But net income declined more than 90 per cent from $8.1m to $800,000, mainly because of weak demand and high carrying costs caused by record high interest rates.

This trend continued in the first quarter of this year when Spiegel incurred a loss of $1.1m.

Grundig has 5.5% holding in Philips

By Charles Batchelor in Amsterdam

GRUNDIG, the West German electronics group, yesterday became the largest shareholder in Philips of the Netherlands. The German company has acquired a 5.5 per cent stake in Philips by converting an Fl 400m ($153m) private loan made in 1979 into Philips shares.

Philips issued 10m new shares with a nominal value of Fl 100m increasing the total nominal value of outstanding shares to Fl 1.81bn.

Grundig, through Meridiaan Investment Company, a subsidiary of the Max Grundig Foundation, converted its loan

Dr Max Grundig, chairman of Grundig

at the agreed price of Fl 40 per Fl 10 nominal share.

The reason for the conversion was not immediately clear, as Philips shares were trading at Fl 24 yesterday. Under the terms of the agreement between the Dutch and German companies the loan was convertible at Fl 40 up to the end of 1983 and at Fl 50 between 1984 and 1989.

The newly issued shares rank *for dividend in 1982 and* Grundig has agreed not to dispose of the shares before January, 1985 and to do so only gradually should it sell them after that date.

Yesterday's share conversion completes a cross-holding deal between the two electronics companies which was first hinted at in August 1979. Philips then announced plans to pay DM 370m ($156m) for 24.5 per cent of the voting capital of Grundig. This percentage was chosen to avoid provoking possible opposition to the deal from the German Cartel Office. The remaining shares are held by the Grundig Foundation.

Shortly after the announcement of Philips' planned participation in Grundig the German company announced it would lend Philips Fl 400m at only 3 per cent annual interest.

The link between the two companies is part of a strategy advocated by Philips to unify European electronics manufacturers against Japanese competition. Philips said as far as it could tell Grundig was now its largest shareholder though it had no record of ownership of its bearer *shares*.

Electrolux negotiating Finnish deal

By William Dullforce in Stockholm

ELECTROLUX, the Swedish household appliances and industrial group, is negotiating a co-operation agreement with W. Rosenlew, a Finnish white goods and agricultural machinery maker, which would result in a swapping of some operations.

Under the deal being negotiated *Electrolux would take* over the production and marketing of Rosenlew's household appliances in Finland, continuing to sell them under the Rosenlew name. Agreement, if reached, would make Electrolux the market leader for household appliances in Finland and open up new export opportunities. Rosenlew has sold its products on the Soviet Union.

Tor Line deal with Danes wins Swedish approval

BY WESTERLY CHRISTNER IN STOCKHOLM

TOR LINE, the Swedish North Sea ferry company yesterday received Government approval to sell two passenger car vessels to DFDS, the Danish ferry operator controlled by the Lauritzen group.

The go-ahead clears the way for Tor Line to finalise a broader deal with DFDS. In this the Danish operator will take over *Tor's North Sea traffic*, its 65 per cent interest in Tor Lloyd, the North Sea and Baltic cargo line in which Bröstrom of Gothenburg has the remaining share, and Tor's agency network in Copenhagen, Gothenburg and Rotterdam. The deal will give DFDS a dominating position in North Sea traffic.

The deal, worth between SKr 300m and SKr 350m ($60m and $70m), is set to be finalised late this summer. It was originally delayed when the Swedish Board of Commerce refused to grant permission for Tor to sell the vessels to a foreign owner, arguing that it would result in a loss of some 375 jobs for Swedish seamen. The Swedish seamen's union is represented on the Board of *Commerce*.

Tor had to wait for a decision until a new Transport Minister was appointed after the collapse of the Centre-Right coalition Government this spring. It took a full Cabinet meeting yesterday to approve the plan.

DFDS will establish a company in the Bahamas and put the other vessel, Tor Brittania, into the Caribbean cruise trade.

BNP Spanish bank bid accepted

BY ROBERT GRAHAM IN MADRID

SPAIN'S banking authorities *yesterday accepted a bid from* Banque Nationale de Paris of Pta 3bn ($33m) for a controlling stake in Lopez Qesada.

The deal, held up for over two weeks while the major Spanish banks sought to produce a rival bid, still needs Cabinet approval. But this is unlikely to be withheld.

BNP was the sole bidder in an open auction for Lopez Qesada, a medium sized commercial bank that has been administered by the so-called bank hospital, the Corporacion Bancaria.

The seven major banks in Spain had sought to put together a consortium to usurp the BNP offer and prevent further penetration of the Spanish commercial banking sector by foreign banks, in the wake of Barclays take-over of Valladolid in January. Their *efforts* failed.

BNP has bid Pta 3bn for 76 per cent of Lopez's Pta 3.9bn nominal capital. The capital now will be reduced by 50 per cent to absorb current losses before being topped up via a BNP cash injection.

In addition, BNP has agreed to repay soft loans provided by the Bank of Spain, believed to be Pta 5bn.

Lopez's chief assets, its fine old palace headquarters in the centre of Madrid, will be retained by the deposit guarantee fund. This is expected to be bought by the Government and used as an annex to the Prado Museum.

Lopez currently has a network of 47 branches with total deposits of Pta 16bn.

Siber has first deficit after SSIH write-down

BY JOHN WICKS IN ZURICH

SIBER HEGNER, the Swiss-based international trading house, *has dipped into the red* for the first time, losing SwFr 4.4m ($2.1m) for the year ended March, 1981.

The reverse results from a write-down against Siber's 36 per cent shareholding in watch group, SSIH, which was rescued from liquidation earlier this year but which shed the bulk of its net worth in the process.

Siber, a major distributor of SSIH watches acquired 36 per cent of SSIH in 1977 for SwFr 25m. In 1980 SSIH sustained a loss of SwFr 161.6m ($79.6m).

Siber has written-off SwFr 22.5m of its SSIH shareholding *with SwFr 12.4m being taken* against the profit-and-loss account as "provisions and depreciation" and the remainder against unpublished reserves. At thes ame time, a wFr 10m bank loan to a special company set up to hold the SSIH shares, has been absorbed by the holding company.

Siber, which today owns some 1.5 per cent of the re-structured SSIH capital, says 1980 would have been a satisfactory year had it not ben for the crisis at SSIH.

James Hardie profits up

BY OUR SYDNEY CORRESPONDENT

JAMES HARDIE INDUSTRIES, the diversified Australian building materials group, has announced a 25 per cent profit increase for the year to March *31, and an A$65m (U.S.$75m)* convertible notes issue by way of rights.

Earnings rose from A$27.1m to A$33.85m on a 41 per cent improvement in turnover to A$749.90 (U.S.$863m) in the 12 months. The profit was achieved after a lift in tax from A$19.6m to A$22.83m.

A rise in the final dividend from 10 cents a share to 11 cents is declared, making the total payout 21 cents, against 18.75 *cents on capital increased by a* one-for-three scrip issue.

The convertible note issue is of A$50m underwritten by the brokers J. B. Were and Ord Minnett as to A$50m, and the company has the right to accept oversubscriptions. It is made on the basis of 100 for every 800 held.

Standard Electrica drops to loss

By Robert Graham in Madrid

STANDARD ELECTRICA, *75 per cent owned by* International Telephone and Telegraph, incurred a loss of Pta 1.6bn ($17m) in 1980 compared with the modest Pta 210m profit of the previous year. At the same time the company's two affiliates, Marconi and Citesa, each dipped Pta 800m into the red.

Standard Electrica has been hard hit by the recession during the past three years and been left with serious overcapacity. The company said it shed 3,700 workers, some 20 per cent of the total, last year. A redundancy programme cut 830 jobs at a cost of Pta 1bn.

The company has been largely dependent for orders on the national telephone monopoly, Telefonica, which holds a 21 per cent stake in Standard Electrica. Efforts have been made to reduce this dependency but the company still obtains 63 per cent of its orders from Telefonica and has been affected adversely by the slowdown in the latter's expansion plans.

Sales last year totalled Pta 36bn, up 9 per cent, with exports accounting for Pta 10.5bn of the total.

SDR CERTIFICATES OF DEPOSIT

Move to boost a fledgling market

BY WILLIAM HALL, BANKING CORRESPONDENT

THE LONDON branch of First National Bank of Chicago has launched a package of services to boost the fledgling market in special drawing rights (SDRs) denominated certificates of deposit (CDs).

The market has been going for about a year and amounts only to about 500m SDRs. Its growth has suffered from a lack of liquidity and the absence of a sizable secondary market. First Chicago estimates that the deposit market in SDRs now amounts to between 5bn and 7bn but other observers pitch their estimates somewhat lower, at around the 4bn mark. They argue that the recent strength of the dollar has curbed the growth in SDR deposits because it has reduced the incentive for investors to diversify their asset exposure.

The development of an active SDR-denominated CD market is seen as complementing the deposit market, since the negotiable paper adds to the overall market's liquidity and boosts the appeal of SDRs to investors.

Last September, the IMF announced that it was reducing the composition of currencies in the SDR from the unwieldy basket of 16 currencies to five major currencies. This has made SDRs considerably more attractive and last January seven international banks joined forces to establish a market in SDR CDs. London has had an active market in dollar and sterling denominated CDs since the late 1960s.

The London SDR CD market has not taken off as fast as some banks had hoped, and the number of banks participating, and the size of issues, are relatively small. The absence of an active secondary market is cited as a major reason for the unimpressive start.

One of the main problems for traders is that purchase of SDR-denominated CD's is made with currency. So in addition to their interest rate risk, they also face an exchange rate risk.

To help eliminate the latter risk, First Chicago will offer short-term loans denominated in SDR's to help finance SDR CD investment and trading. In addition, it is offering SDR current accounts at its London branch (a service already offered by some other banks).

Finally, First Chicago has adapted its London clearing centre, which, it claims, handles two thirds of all London Eurodollar CD trading, to handle the primary and secondary markets in SDR CD's.

First Chicago's new services run parallel with other innovations by leading international banks and are seen as part of the move to make the SDR more acceptable commercially.

Mr. Angelo Papa, who heads First Chicago's London Treasury operations, is an SDR enthusiast. He believes that they already meet two of the three requirements of an international textbook currency. He argues that they have proved that they meet the store of value criterion over the last five years, and that they are being increasingly used as a unit of account.

The final test is the use of SDRs as a means of payment. Mr. Papa believes the day is not too far off when one of his lending officers will book a corporate loan in SDRs, and require the bank to go out and find it.

Higher profits from Fujisawa Pharmaceutical

By Our Financial Staff

ONE OF Japan's leading manufacturers of antibiotics and other drugs, Fujisawa Pharmaceutical Company, reports an increase of 3.2 per cent in consolidated net earnings from Y13.52bn to Y13.95bn ($62.83m) for the fiscal year ended March 31. It warned however that a cut in the prices of pharmaceutical products may cause a drop of 25.2 per cent in profits for the current fiscal year.

Sales rose more strongly by 12.1 per cent to Y158bn ($711m) from Y141.01bn.

The company attributed the profit increase to introduction of new drugs, which sold well and made a considerable contribution to the earnings results despite intensifying competition in the domestic market.

The pace of the rise in earnings slowed down, however, because of a rise in staff and marketing costs as well as in research and development.

Exports totalled Y5.96bn, though represented only 3.8 per cent of Fujisawa's total sales, down from 4.5 per cent in the previous year.

The company expects net profit to drop to about Y10.4bn from fiscal 1980, though sales of about Y166bn are forecast.

Australian banks bid to change stockbroking commission rates

BY COLIN CHAPMAN IN SYDNEY

AUSTRALIA'S merchant banks have gone to court to force negotiated, rather than fixed commission rates on an unwilling stockbroking community and also to allow corporate membership of stock exchanges.

The Australian Merchant Bankers' Association have sought an order from the Australian Federal Court requiring the Trades Practices Commission to decide on an application by the Australian Associated Stock Exchanges for authorisation of their rules, regulations and by laws.

In its submission, the AMBA revealed that in the CSR takeover of Thiess, where most of the Thiess shares acquired by CSR went through the sharemarket, CSR paid A$2.2m (US$2.5m) in brokerage. In addition, Thiess shareholders who sold on the market paid another A$4.98m in brokerage.

The AMBA court move will put pressure on the Federal Government which has considered switching the responsibility for control of AASE broking rates and membership conditions from the Trades Practices Commission, to which most finance groups like banks and insurance companies have to answer, to the fledgling National Companies and Securities Commission.

The AMBA argument is why should brokers be singled out for special treatment. It considers that the stock exchanges' rules and regulations are substantially uncompetitive and do not serve the public interest.

At present all stockbrokers in Australia charge the same rates of brokerage to buy or sell shares—a sliding scale moving from 2½ to 0.5 per cent for amounts over A$50,000.

Perlis lifts sales and earnings

BY WONG SULONG IN KUALA LUMPUR

PERLIS PLANTATIONS, the diversified Malaysian group, increased its pre-tax profits for the six months ended March by 25 per cent to 28.3m ringgit (US$12.3m) on a turnover 30 per cent up at 210m ringgit.

The group's main activity, sugar cultivation and refining, contributed a higher percentage to the overall earnings because of the then-prevailing high prices of sugar. Earnings from this source are expected to be lower in the second half of the year.

Perlis Plantations also took advantage of the high market prices to dispose some of its shares in its subsidiary, Rahman Hydraulic Tin, to realise a profit of 2.7m ringgit.

The group's two beach hotels on Penang Island continued to enjoy high occupancy rates. An interim dividend of 9 per cent is declared.

Meanwhile, the Perlis subsidiary, South Island Mining Company (Simco) said it has acquired the balance of the interest in Central Kedah Rubber Estates.

Japan's video recorder dilemma

By Max Wilkinson

THE EXTRAORDINARY appetite which the world is now showing for video tape recorders has taken even the Japanese manufacturers by surprise and presented them with a difficult dilemma.

On the one hand, the tough struggle between the two competing Japanese systems for market share means that they must expand capacity rapidly—and much the easiest way of doing that would be to build new factories in Japan, close to the component suppliers and the engineering centres.

But, on the other hand, the effect of this latest electronic plaything on the balance of trade between Japan and the rest of the world is already slightly embarrassing, and could soon become even dangerous.

In the current year it is expected that worldwide sales of video recorders will reach \$4.7bn (£2.35bn) and will build up rapidly to \$11bn by 1984 (at current values), which is roughly the value of present world production of colour television sets. Further growth seems likely as far as the speculative eye can see.

About 95 per cent of the 7m machines expected to be sold this year will be made in Japan but nearly 80 per cent of them will be sold abroad, according to Japanese estimates. This year imports of video recorders by the U.S. and Europe will each be worth around \$1bn.

The two Japanese systems which are fighting for supremacy are the Video Home System (VHS), developed by Japanese Victor Company (JVC), the Matsushita subsidiary and the Betamax, developed by Sony. Last year it is estimated the VHS accounted for 67 per cent of Japanese production and this year its share is said to be edging up to over 70 per cent. These two Japanese systems compete in Europe with the Philips/Grundig V2000 system.

Philips, which was a pioneer of video recorders for home use, suffered the penalty of being too early in the market. Its earlier machines were overtaken by the Betamax and VHS systems and it lost its lead in the European market while it was developing its present V2000 machine in co-operation with Grundig. This machine is said to be fully competitive with Japanese models, but at present has only around 15 to 20 per cent of the European market and does not sell in Japan and the U.S. at all.

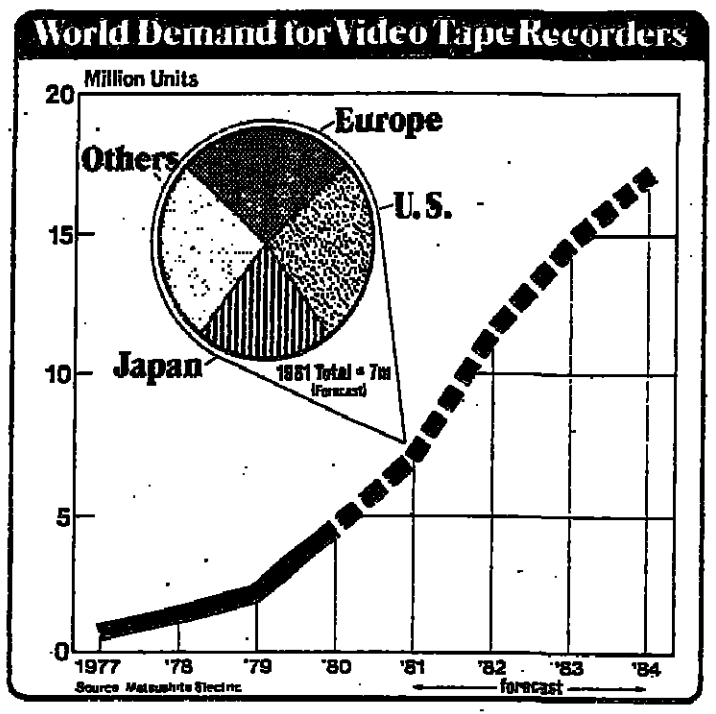
However, Philips, with a production capacity of 1m machines a year in Vienna is now planning to double capacity with the conversion of a factory in Kreveld, Germany. This, with the Grundig factory in Nuremberg, would give the Philips system a potential output of 2.5m a year.

As sales of these machines have been growing exponentially since 1977, it is clear that continued Japanese dominance of this new technology would provoke political and industrial anxiety in the U.S. and in Europe. The main reason is that the video recorder will become much the most important product in the world's consumer electronics market, eclipsing even the colour television set itself.

Not only will the value of video recorder sales rival or even overtake that of colour television sets, but VTRs will increasingly become integrated into the design of the TV set itself. They will also be the hub of a completely new range of consumer equipment such as video cameras which could well threaten the very existence of the present home movie industry.

Can Europe compete with the Japanese in what will soon be the most important product in the world's consumer electronics market, eclipsing even the colour television set? Or must the Japanese dilute their market strength by expanding capacity overseas to cope with rising demand and growing protectionism?

World Demand for Video Tape Recorders



Marion Sedger

The Japanese can see that these factors will add enormous strength to their already dominant position in the world's consumer electronics markets. But they are also anxious about the effect of their further success on protectionist pressures, which are already quite strident in the U.S. and Europe.

Only five years ago when the video revolution was just getting under way, many Japanese believed that VTR production was the one sector in which Japanese excellence would be *immune from the world's criticism*. The VTR was, after all, an entirely new product and its development represented a clean *fight* between the three rival systems.

This was, therefore, an entirely different case to those of shipbuilding, motor bicycles, television sets, cars, or ball bearings, where the Japanese exports have been accused of damaging or destroying established industries.

Surely, it was argued, if free trade meant anything at all, the Japanese could not be criticised for taking the risk of developing a complex product made up from 3,000 parts and high precision mechanics, and selling it to anyone who would buy.

However, the success of the product has been so great, and its possible developments are so far-reaching, that it would seem, at the least, politically expedient for the Japanese to set up production plants overseas.

Matsushita, which together with JVC produces nearly half of the Japanese total of VTRs, has been looking closely at the possibility of a deal with Blaupunkt, the Bosch subsidiary in Germany for setting up a new plant. JVC is considering similar possibilities with Thorn in the UK, though still in a fairly general way.

Matsushita's motives are partly practical, since there would be an obvious advantage in setting up a production plant close to one of its main markets.

Mr Kyutaro Isomura, executive vice-president of Matsushita Electric Trading (the exporting arm of the company), says: "In view of the increasing trade friction and other issues, our policy is to increase the proportion of overseas sales which come from overseas production."

However, in the case of the VTR, the difficulties of transferring the technology overseas are considerable. In the first place it is a complex product made up from 3,000 separate components, about six times as many as in the simpler television sets, and it requires high precision engineering during its assembly.

Consequently, the capital costs are very high. Matsushita, which uses long lines of robots to machine and assemble the tape transport mechanism, has invested \$350m so far, in its three main factories in Japan, which will have a total capacity of around 2m units a year by the end of this year. Total investment by the Japanese industry in VTR plant will probably have reached around \$1.2bn by then.

Against this huge scale of investment, any European plant would therefore need to be of substantial size, unless it were merely a "screwdriver operation" for putting together Japanese-made subsections.

The transfer of technology is made more difficult by the continuous and rapid evolution of designs and production methods. In only four years a completely new generation of machines has been evolved, and even the new machines will be subjected to a steady rationalisation of components.

Matsushita, for example, has 250 research and development engineers in its VTR division alone, with many others giving support from among the other 22 laboratories in the group. It would be quite impossible for a European operation to keep pace with the changes pouring out of these laboratories unless it were tied umbilically to the main group in Japan. Even then, it would not be nearly as convenient for *Matshusita as a plant near its* home base without a language barrier.

The dilemma, from a European point of view, is that if it waits until the VTR has become a more mature product, not subject to such rapid change, it may be too late. By then, the whole technology could have passed European companies by, with the exception of Philips. At that time, there might not be the expansion left in the market to justify a European plant based on Japanese know-how. And by then, without doubt, television sets with integrated video recorders will be as commonplace as radio-cassette recorders are now.

There would, in short, be little chance for most European manufacturers to stay in the mainstream of the consumer electronics business.

FINANCIAL TIMES SURVEY

Friday June 26 1981

Channel Islands

The harbour at St Peter Port, Guernsey. Money on deposit in the islands is growing rapidly and a number of overseas banks operate there

Traditional industries such as tomato-growing and tourism are struggling but a new one - finance - has turned the islands into one of the more important offshore financial centres of the world. Efforts are being made to tackle difficult problems such as unemployment and the spiralling cost of energy, but solutions will be long-term.

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Finance groups still rolling in

By Anthony Moreton

Regional Affairs Editor

THE Channel Islands have taken a buffeting over the past year. There are fewer holiday-makers and both the potato growers on Jersey and the tomato growers on Guernsey have had to be supported by Governments which do not take kindly to intervention.

On top of this, unemployment over the winter rose to unacceptably high levels and, in Guernsey at least, there is evidence of structural unemployment as the tomato industry concentrates on larger units using fewer workers.

There has even been some talk, especially on Jersey, about relaxing the stringent controls which prevent the inflow of workers so that the islands' industrial sectors may be built up.

But if the sectors on which the islands' economies were for so long based have suffered, the new industry—finance—which has turned both Jersey and Guernsey into one of the more important and certainly the most politically stable, offshore financial centres of the world, has gone from strength to strength.

New company registrations reached record levels, inquiries continued to flow in from banks anxious to have a base on the islands and the steady stream of wealthy immigrants shows no sign of abating.

It would be surprising, of course, if the Channel Islands had been immune to the recession which has hit the Western world. Its non-financial trade and industry is very much dominated by conditions in the UK. Although neither Jersey nor Guernsey is, constitutionally, part of the UK (they are crown dependencies) what happens in Britain is the major influence.

The strength of sterling and the increased competition that followed in its wake helped push up the rate of inflation and, to balance the budget, a cardinal principle in both islands, indirect taxes were raised at the end of last year—needlessly in Jersey as it turned out.

Although income from tourism managed to hold up well, there was a downturn in real terms and the likelihood is that this year will see a further 10 per cent drop in the numbers arriving.

This drop is not confined to the British, who account for about four out of every five visitors. French visitors have suddenly found prices rising against them as the franc has dipped, which has hit Jersey, and Guernsey which has never been able to attract the French in very large numbers, is looking anxiously at the numbers of Dutch holidaymakers, its most numerous "foreign" visitors.

However, it is horticulture which has taken the most severe hammering. On Guernsey income from this sector rose by 5 per cent last year to £36.6m, but inflation averaged about 14-15 per cent over the year. Tomatoes are the dominant crop, accounting for two-thirds of the income, and this sector was badly hit by competition from subsidised Dutch imports. Britain took 56,196 tonnes of tomatoes from the Dutch last year compared with 33,521 tonnes two years earlier. In the same period, Guernsey sales dropped by 7,006 tonnes to 41,087 tonnes.

Injection

As a result a price-support scheme was introduced which cost £583,000, with a further £1m being injected this year. But there is no provision for help next year and with the acreage under glass falling, this year by 10 per cent to 425 acres, the industry has severe problems.

Similar difficulties have beset the potato growers on Jersey and the Government stepped in last year with just over £1m of aid. This year Jersey followed the lead of Britain and has recommended that a fuel subsidy be introduced at a cost of about £200,000.

With costs continuing to rise there is every indication of a further substantial reduction in farmers' real incomes and the Government now accepts that if this important sector is to survive it will have to remain dependent on official assistance.

These forebodings have been more than offset, though, by the continuing strength of the financial sector which now accounts for 40 per cent of the national income in Guernsey and 47 per cent in Jersey (25 per cent accounted for by the banking and finance sector and 22 per cent from the contribution of the wealthy immigrants).

The ending of exchange controls in the UK gave the islands a big boost, not only because it brought to a conclusion the requirement of consent from the Bank of England before a British resident could move his money to St Helier or St Peter Port—normally given but subject to a delay—but because it led to the islands' banks becoming more outward looking.

Offshore financial havens, of which the Channel Islands are now among the more important in the world, benefit from the absence of controls or regulations.

It was hardly surprising, therefore, that there was a record rise last year in the number of non-resident companies, those concerns which pay a set fee of £300 providing they are controlled from outside the islands.

New company registrations in Guernsey reached 1,003, three-quarters from outside the UK, compared with 898 in 1979, taking the total to 6,690, and in Jersey there were 2,288 new registrations, taking the total to more than 15,000.

At the same time, money on deposit in the islands has been growing rapidly and moving increasingly to currencies other than sterling. A decade ago, in 1970, deposits with the banks on Jersey totalled £440m, of which some 80 per cent was in sterling; last year deposits reached £7.7bn with only 30 per cent in sterling.

Guernsey does not break down the source of holdings though it agrees that the £1.8bn deposits (up from £1.07bn in 1979) also shows a big switch into non-sterling holdings.

This increasingly international emphasis is also conveyed by the number of overseas banks now operating from the islands. Two new banks to Jersey opened during the year, the U.S. concern Bankers Trust and Berliner Handels und Frankfurt Bank in Germany. Jersey now has 47 banks, including the five British clearers and the Trustee Savings Bank, offering facilities.

Subsidiary

No new banks were opened on Guernsey last year apart from Standard Chartered, which was really a name change since Hodge, now a fully-owned subsidiary, was already in St. Peter Port. It has been talking to two non-British banks and believes they may decide to open shop within the near future. There are 42 banks including the clearers and the Co-operative Bank.

Jersey's other great strength is its wealthy immigrants, and here there has been a switch of emphasis.

The island has always offered a home, on severely selective grounds to those it considers can contribute in large measure to its economy. For a number of years it has admitted about 15 wealthy immigrants a year and to pass the test the potential applicant has had to be able to contribute about £10,000 a year in taxable income (postulating a gross income of £50,000 a year) and buy an expensive house, probably around the £200,000 mark now.

But in 1979, worried by the possibility of too rapid a rise in immigration and the effect this would have on housing, it was decided to be even more stringent and the number admitted fell from 14 in that year to 10 last year.

Since that decision, in October 1979, the world recession has bitten deeply and taken its own toll of those wanting to move themselves and their assets to Jersey. In addition, the ending of UK exchange control has meant that the mobile wealthy have had a wider choice of low-tax areas in which to live.

This year the Government has decided to be more relaxed about immigrants. Whereas last year it expected an applicant to be able to contribute about £15,000 in taxation, this year the figure will be back to £10,000 which, given the rate of inflation over the past five or six years, is a considerable drop in real terms. Even tax havens have to trim their sails occasionally.

Guernsey has different rules for potential wealthy immigrants. It has an open market of expensive houses totalling 1,200 in all, and if any one of these becomes available an outsider can buy and establish residence.

Register

There are always some available but from a glance at estate agents' windows it would appear that someone considering a move to Guernsey would have to pay at least three times as much as for a comparable house on the closed register and perhaps as much as five times.

Guernsey's most important financial difference from Jersey is its captive insurance market, a market which has probably become the second most important in the world after Bermuda. It is thought to have between 100 and 130 captives operating on the island, compared with about 900 in Bermuda.

There were fears that with the ending of exchange control regulations some of the Guernsey companies would move to Bermuda, fears which seem to have been realised in only a small number of cases. But 1980 turned out to be a record year for the formation of new captive companies.

What worries the authorities at the moment is that some of the captives might be taking on third-party work and that the island's law is insufficient to police a swiftly-moving industry. There are some controls but not a lot and if the island's probity is to be maintained it is considered essential to have power over the emergence of such matters as third-party business.

Legislation to give the island more powers over captives is expected in the next 12 months but in the meantime the good sense of those in the market is being relied on to regulate and police the growth.

The trouble with both islands is that they adopt a haphazard attitude towards financial reforms. Jersey for several years has been looking at its company legislation but it has never liked the reforms suggested.

It is always promising to do something about updating company legislation but rarely gets anything substantial on to the statute book.

Both islands can claim, with justification, that their policy has been vindicated. But it may well be that now exchange controls have gone in the UK the need for legislative change in the islands is greater and ought to be pursued with rather more vigour if they are to continue to grow as reputable financial centres.

Increasing numbers of banks arrive

FINANCE
EDWARD OWEN

THOSE ISLANDERS who were saying, back in the early 1970s, that the offshore finance business would be a habitation giddy and bad news for Jersey and Guernsey have so far proved to be false prophets.

It is the older sectors of the economy, such as horticulture and tourism, that are causing anxiety, while the finance industry continues to generate massive tax revenues and provide jobs.

The continued expansion of the finance sector has been an agreeable surprise, one suspects, even to the island authorities.

An upsurge was anticipated when the Channel Islands were left as the main offshore base within a shrunken sterling area.

But when exchange controls were lifted, it was equally logical to expect that business might desert an area with 20 per cent income tax and a £300 pa levy on non-resident companies for more generous no-tax havens.

In fact, the opposite has happened. Every branch of the islands' offshore industry, from banking and insurance to company, investment and trust management, appears to have benefited substantially from the free currency situation.

This reflects, firstly, the industry's success in diversifying its services and making these facilities internationally known.

Asset

But the islands also have to thank their exceptional political stability — "not too common an asset among offshore financial centres," as Mr Richard Syvret, Jersey's commercial relations officer, says.

It also could be that, in many corporate and individual tax-planning arrangements, it is considered prudent nowadays to be seen to be using low-tax rather than no-tax areas.

The policy of Jersey and Guernsey in recent years has been to admit only banks that are of international standing and can open up new markets.

To its spread of North American banks, and such institutions as Algemene Bank Nederland, Bank Cantrade of Switzerland, Banque Nationale de Paris, Bilbao International Bank and Hongkong and Shanghai Banking Corporation, Jersey is about to add its first German bank, BHF.

When the Bankers Trust Company opens its St Helier branch shortly, Jersey and Guernsey between them will have seven of the nine largest U.S. banks represented.

Foreign currency deposits account for about three-quarters of the £7.7bn banked in Jersey and more than two-thirds of the £2bn in Guernsey — figures that include funds held for international loan operations.

In both islands the 10 per cent increase this year in company registrations, like last year's record growth, has been due largely to incorporations from outside the British Isles.

Jersey, it is claimed, is now the home of more unit trusts and mutual funds than any other offshore financial centre. At least 120 are based in the island with funds estimated at some £600m.

While Guernsey's offshore fund business is probably worth only about a third of Jersey's it has brought some interesting developments, such as the recently launched Trans National Trust, a joint venture of Hambros and Allied Irish Investment Bank.

Guernsey has also created its own niche in offshore insurance, and there are reckoned to be between 100 and 130 captive and reinsurance companies operating from the island.

In the case of the captives, the principals range from an airline consortium through department and chain stores to the Catholic Church.

In the reinsurance field, companies using the island include the Reinsurance Corporation of Ireland and Italy's Assicurazioni Generali.

This was particularly an area in which Guernsey feared it might lose business to Bermuda with the lifting of exchange controls, but in the event more new captives and reinsurance companies were set up last year than in 1979.

Competition now promises to come from much nearer home, because Jersey's finance committee is proposing that the present embargo on forming insurance companies there should be relaxed to allow group and multi-parent captives to be set up.

Meanwhile, Guernsey's commercial relations officer, Mr Bruce Riley, says that the smaller island's offshore insurance business has developed to the extent where legislation to regulate the industry — pending for some years — is now being given "high priority."

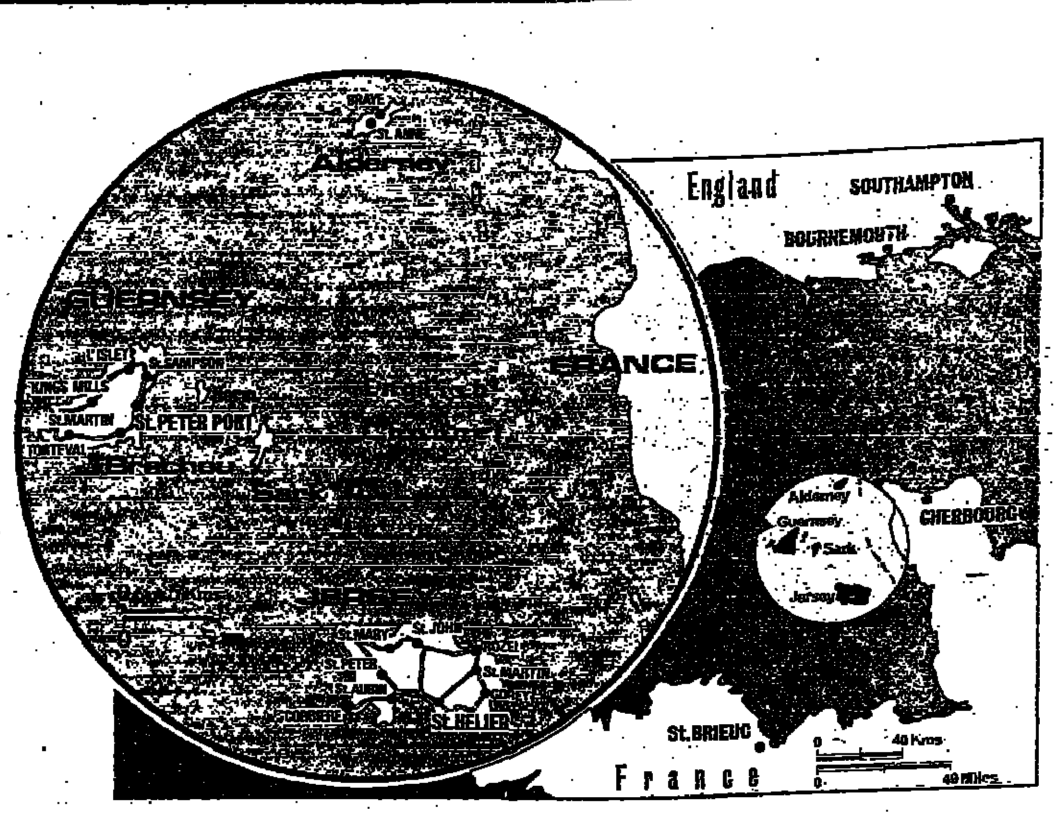
In Jersey, there are two pieces of legislation in the pipeline that the finance industry will welcome: a law providing a legal basis for trusts, and another to enable movable property to be used as collateral for loans.

Protection

Given the activity elsewhere, however, the Channel Islands have moved slowly in company law reform since introducing basic protection of depositors legislation in the early years of the finance boom.

One reason has undoubtedly been their wariness about bringing in legislation which, especially in a period of such rapid expansion, might quickly prove unsuitable or difficult to administer.

The islands are still clearly disposed to rely primarily on careful "vetting" of new entrants (which, in small communities, can be very effective) rather than assume too much governmental responsibility for financial activities.



Introduction of work permits considered

UNEMPLOYMENT
WILLA MURRAY

MANY GUERNSEY MPs were shocked recently to learn that, at a time of record unemployment, 245 new immigrants had found jobs in the island. Fifteen had been placed in horticulture—a traditional industry where redundancy is disturbingly high.

The figures were revealed during a debate on proposals to change social security legislation, so that the names, addresses and employers of newly-registered immigrants would be passed to the labour and housing authorities.

Despite ingrained Guernsey resistance to government "snooping," the island's parliament voted in favour, so that newcomers could be more closely monitored.

The number of immigrant workers illustrated clearly to MPs how relatively easy it is to step off a Sealink ferry and find lodgings and jobs, despite Guernsey's stringent, quasi-immigration control housing laws.

This winter's maximum of 1,250 unemployed out of a working population of 25,000 is a low percentage by today's UK standards. But it is Guernsey's worst unemployment figure since the 1939-45 War, and compares with under 600 in previous bad winters.

Introduction of work permits, for which Guernsey's parliament already has enabling legislation, is at issue because of these statistics.

The move would find strong support from the local branch of the Transport and General Workers' Union, and equally strong opposition from the business community and hoteliers. There may also be an underlying fear that introduction of permits might lead to retaliatory UK restrictions.

Unlike Jersey, Guernsey has a contributory unemployment pay scheme. A married man with two children gets £44.95 a week for 180 days; afterwards, he has to seek local parish assistance. Rates are below unemployment pay, and applicants are subject to a means test.

The island's policy is designed to prevent being out of work from becoming a habit.

UNEMPLOYMENT ON GUERNSEY

	Highest winter level	Lowest summer level
1971	206	60
1972	358	120
1973	216	25
1974	116	21
1975	218	43
1976	335	92
1977	516	177
1978	517	98
1979	416	33
1980	1,002	126

Expanded

Because of the present situation, relief work — geared to avoid undercutting private enterprise — has been expanded and is to continue indefinitely.

Wages are pitched above unemployment pay but below the recommended rates for industry. No one is on relief longer than eight weeks, to provide employment for the maximum number and to discourage "permanent" relief workers. Those who refuse work or are unco-operative risk forfeiting unemployment or parish benefits.

The Labour and Welfare Committee, which operates the scheme, has begun a programme of derelict glasshouse clearance and is managing its own commercial glasshouse, producing labour-intensive crops for export.

As a retraining experiment, the committee has placed a number of boys under 18 and women in temporary hotel employment, paying their wages for the first two months.

The greatest concern is for the number of unemployed aged 18-34, and for many of the 840 school leavers at the end of July who will be unlikely to find jobs.

School leaving age in the Channel Islands is 15, and this group, with no special qualifications, is the most vulnerable.

Next September, Guernsey's College of Further Education will repeat courses launched last year for the under 18s. Youngsters with some general aptitude are selected for basic training in pratical subjects ranging from engineering to food service. There is also instruction on how to apply for a job, handle an interview and make the most of personal appearance.

Programme

By last Easter, 80 per cent of young people on these courses had found jobs. An additional programme of activities is now planned for less able school leavers, to promote a sense of purpose and social connection.

And last month, Guernsey's government agreed to introduce a £100,000 grant scheme to pay day-release wages of trainees.

Meanwhile, a government sub-committee is studying the development of light industry in order to broaden the future base of Guernsey's economy. *Among several considerations* are practical financial incentives that would benefit the island. Explained the sub-committee's chairman, Conseiller Roy Le Poidevin: "Aid for a proposed project might take the form of laying on services at the site."

Local training

JERSEY has experienced only light unemployment so far and still absorbs up to 15,000 seasonal workers, mainly in the tourist industry.

A relief work scheme similar to Guernsey's was introduced last winter, when the number of jobless reached 500, but was discontinued at the end of March.

Last year, a permanent "self-service" job centre was launched, and it has proved particularly successful for placing local people. Representatives of several government committees took part in introductory seminars, linked to the centre, for employers. A spokesman for the social security department said that the involvement of employers was important, and similar teach-ins would be held next autumn.

The island has also appointed a temporary employment officer for the disabled, who is preparing a report on the training and employment of local handicapped people.

Jersey has no contributory unemployment pay or supplementary benefit—a fact that never ceases to surprise and dismay seasonal job-seekers from the UK. After five years' residence, those who are unemployed become eligible for means-tested parish welfare.

A married couple can draw £49.40 a week, plus the cost of their rent and £2.50 for each child under 16. For the same children, there is a tax-free family allowance of £7.82 in addition.

Local authorities are concerned about the changing pattern in job prospects over the past two years for less skilled school leavers, due partly to the decline in the construction industry.

On the recommendation of the Policy Advisory Committee, a new Advisory Training Council has been set up to promote industrial training.

The 12 council members represent a cross-section and include Mr René Liron, Jersey's TGWU official. The chairman is Mr Gordon Reed, head of Rediffusion Reditronics, which has a good track record of local employment and training.

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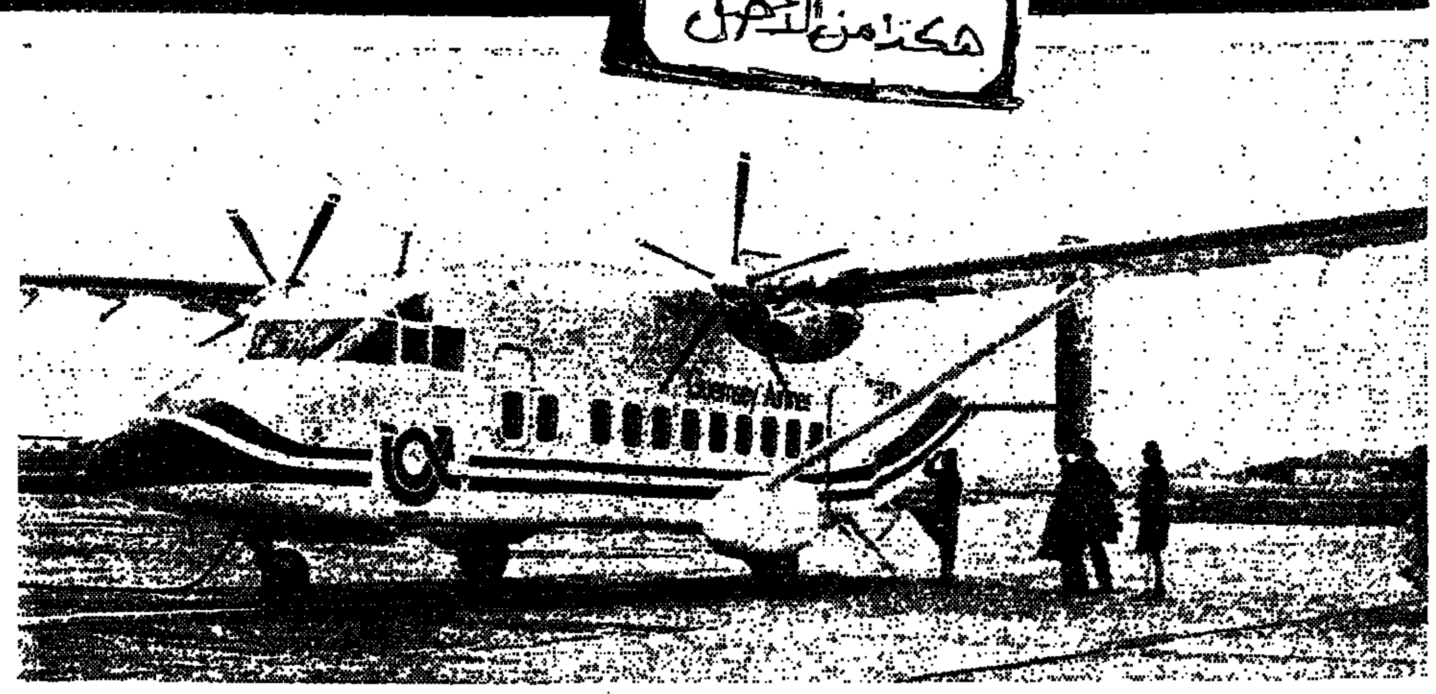


Travel services to the islands have benefited recently by the introduction of Sealink's new car ferry Earl Granville, refitted at a cost of £11m, and Guernsey Airlines' 30-seat SD 330 aircraft, flying on some routes

Disquiet over £10.5m plan to buy electricity from France

ENERGY

EDWARD OWEN

ALMOST TOTALLY dependent on imported oil for all their energy needs, including the supply of gas and electricity and the heating of commercial glasshouses, the Channel Islands have been very much at the mercy of OPEC's pricing policies.

Guernsey's electricity, for example, costs more than in any area of the UK mainland and is due to go up again in August.

One of the world's biggest tidal ranges, strong winds and above-average sunshine for the British Isles have so far not been exploited, nor have there been any significant alternative-energy experiments.

Failing a radical new solution, the prospect for the islands has seemed to be the helpless one of an all-round increase in energy costs every time the price of oil rises or the pound falls against the dollar.

Now Jersey is proposing to try to break out of the vicious circle by buying some of its electricity more cheaply from France's national grid through a £10½m cable link with Normandy.

Approval in principle to the French connection was given in the island parliament on Tuesday, but members insisted that more information should be provided and the alternatives considered before a final vote is taken.

The scheme has the backing of Jersey's Resources Recovery Board, which recently brought out a major report examining all the options open to the island on the energy front.

"The island's almost total dependence — in excess of 90 per cent — on oil must be a cause for great concern," the board stated.

In Guernsey, where the electricity undertaking is government-run against a 51 per cent States holding in Jersey's electricity company, it is accepted that the island may one day have to tap an outside source of supply, but there are no plans to do so at present.

Guernsey's Electricity Board looked at the alternatives of a coal-fired generating plant or a submarine link with Electricité de France before deciding to invest £9m in a new diesel power station, opened last year.

Rejected

A changeover to coal was rejected because of the greatly increased handling facilities that would have been needed and the belief that the price of coal would probably rise in line with that of oil.

The distance to a convenient high-voltage supply on the French mainland was considered to make capital cost of a cable link — put at £20m 12 months ago — uneconomic if Guernsey, as was expected, had to pay the bulk tariff rate to EDF.

Guernsey's new power station is equipped with two slow-speed, two-stroke 12MW Sulzer generators which can run on cheaper fuel oil than the island's previous generators and will help to some extent to offset future oil price increases. Eventually the station will house four Sulzer units.

Politically, Jersey's proposed link-up with Electricité de France is controversial, because there has been growing disquiet in the Channel Islands over French nuclear developments on the nearby Cotentin Peninsula.

These include the construction of a large nuclear power station at Flamaville, due to come into use in 1984/5, and plans to double the capacity of the nuclear processing plant at Cap de la Hague.

Anti-nuclear groups in the islands have joined with French protesters in opposing these developments, using slogans such as "Nuclear neighbours—non! and "You are in a French nuclear zone."

Despite many assurances about the safety of the French installations, many islanders are still sufficiently worried by the situation not to want to become customers for French nuclear energy.

The Jersey environmental group, Concern, has argued the case for a coal-fired power station, which, it says, "would seem a better choice than the cable link plus continued heavy reliance on increasingly expensive oil."

Harbour scheme will ease pressure on space

RECLAMATION

EDWARD OWEN

ALTHOUGH a land reclamation scheme carried out to the east of St Helier harbour in Jersey has finally cost £8½m against an original estimate in 1973 of £3¾m, the island authorities still believe they have got a bargain—and one for which land-hungry future generations will be grateful.

The project at La Collette has given Jersey its first marina, with moorings for up to 250 craft, and when infilling has been completed it will add about 14 acres to St Helier's seafront.

It is planned to use part of the reclaimed area as an industrial trading estate, allowing businesses and small factories that are at present squeezed into residential districts to move to a more suitable location.

Work is now to start to reclaim a further 35 acres on the other side of the harbour. Plans for this area are only at the preliminary stage, but it is intended to use it partly for harbour improvements and partly for landscaped housing and commercial development, while also opening up this section of the town and easing traffic congestion.

Meanwhile, work is well advanced on the construction of a second, 370-berth marina, due to come into use this autumn.

In Guernsey, the authorities have been considering plans on and off since the early 1970s for reclaiming an area to the north of St. Peter Port harbour, and it now looks as if a feasible scheme should go before the island parliament later this year.

Both St. Helier and St. Peter Port owe their present importance as ports and commercial centres to far-sighted reclamation and harbour schemes carried out in the last century.

The frontage of St. Helier, including the Esplanade and the large plaza where the tourism office now stands, was reclaimed over the first 20 years of the 19th century from what previously had been sand flats covered by the sea at high tide.

Breakwater

Guernsey pushed back the sea in the 1860s when its fine harbour was built over some 80 acres, and Castle Cornet, until then isolated on an island, was joined to the town by a breakwater.

Mounting population pressures since the 1939-45 World War, and the continual struggle to reconcile development needs with preservation of the islands' shorelines and countryside, have made the winning back of land from the sea practical politics again, both environmentally and in terms of land costs.

Guernsey, having at one time abandoned the idea of reclaiming part of Belle Grève Bay to enlarge St. Peter Port, revived it again last year when consulting engineers Lewis and Duvivier were asked to prepare feasibility studies.

On the basis of these reports, the island authorities are now consulting various local interests on a £9¼m scheme that would provide a large marina, an additional jetty, new roads and parking for about 700 cars.

While Guernsey already has two publicly-owned marinas, as well as a private one in the north of the island, all those engaged in servicing the lucrative yachting business are convinced that yet another marina would be a profitable investment.

Yachts in the marina at St Peter Port, Guernsey

CHANNEL ISLANDS IV

These 18th-century warehouses on Alderney have been converted into flats, a shop, hotel and a public house

Immigration cut sought to check house prices

ALDERNEY

WILLA MURRAY

AN ISLAND only 3½ miles long by 1½ miles wide, with a population just topping 2,000—it seems an unlikely choice of residence for a former jet-jumping oil trader, or a former BAC executive who helped to get *Concorde off the ground*.

Yet these are only two of several new-style younger UK immigrants who have switched from lucrative careers to settle in Alderney and start small businesses there.

Roger White-Smith, who runs a garden shop in cobble-streeted St Anne, gave up his post as *general manager* of the former BAC's flight test centre for health reasons. David Jackson, who worked for American oil companies and today is a baker, wanted to watch his young family grow up.

Says Mr Jackson: "We have lived in America and other places abroad, but this is the nearest to a real community."

According to Mr White-Smith: "A traffic jam here is when there are a couple of cars in front of you, and it takes all of two minutes to turn the corner of the main street. There's an independent spirit with plenty of people trying out second careers."

Although Alderney is the only Channel Island implementing a system of work permits, and at the last count had an unemployment figures of two, there are no housing barriers to newcomers.

Wealthy settlers—among whom are John Arlott and Wombles creator Elizabeth Beresford—accounted for a large part of nearly £1m total income tax paid last year.

Numbers reduced

But Mr John Winckworth, the island's "chancellor" and one of 12 local MPs, believes that a ceiling on the number of retired immigrants must be introduced soon to prevent house prices soaring out of reach of island workers.

Three quarters of Alderney is green belt and building permission has been granted this year for only six new houses. Next year it will be five, the following year, four.

As the then chairman of the powerful Building and Development Committee, Mr Winckworth had the novel experience a few years ago of having his application to erect a windmill on his property, to save heating bills, turned down by his own committee.

His subsequent appeal to the Alderney Court was successful. The windmill, functional rather than picturesque, stands like a giant toy on a stick above a landscape of heath, sandy beaches and bays.

All the Channel Islands are heavily dependent on oil, and Alderney — where electricity *costs the most — has been first* to experiment with alternative energy from wind power.

The island was given a new constitution after the 1939-45 war, when it was totally evacuated and eventually occupied by 3,000 German troops with 4,000 Russian and European prisoners held in labour camps.

Although Guernsey undertook financial responsibility for Alderney, the islanders — the majority now are settlers from the UK — have always contrived to pay their way.

Some areas, including the airport, education, hospital, direct and indirect taxation, are still under the control of Guernsey, which charges administration costs.

But Alderney, which last year balanced its books with £484,000 in credit, wants more independence to decide its own affairs. Local politicians argue that being tied to Guernsey's complex society and higher standard of living is an unnecessary burden for a small community with an informal way of life.

Last December, two Alderney MPs successfully put forward the case in Guernsey's parliament for 50 per cent lower duty increases on spirits and tobacco than those proposed by the larger island, to protect the tourist trade.

Since then, the small island has demonstrated its ability to stand on its own feet by offering a contribution to the cost of anti-pollution operations following the Amoco Cadiz disaster.

Tourism—the only real industry—suffered a major blow last Easter when fire gutted the Grand Island Hotel, the island's biggest and best-appointed. The proprietor, Mr Ray Parkin, says that loss of its 82 beds, out of tourism's total of 817, has made booking statistics this year look less in decline than they really are.

But Mr Parkin, true to Alderney tradition, is busy in a Portakabin office beside the burned-out shell of the Grand Island. He is planning an even better 34-bedroom hotel on the site.

Ancient French still quite widely spoken

LANGUAGES

EDWARD OWEN

Solicitor's offices in St. Helier. Jersey's advocates can choose between English and French qualifications

NO ONE casually passing through the Channel Islands today would guess that French is the official language in Jersey and, theoretically, still has equal status with English in Guernsey.

On the face of it, apart from the French street and place names, the islands seem as English-speaking as the Isle of Wight.

But the wave of anglicisation that has swept through the Anglo-Norman archipelago in this century, and especially since the evacuation of more than 23,000 islanders during the German Occupation, has not submerged French to the extent that would at first appear.

Guernsey advocates have to take a legal course at Caen University as well as being called to the English Bar, and Jersey advocates can choose between English or French qualifications. French is still used for property conveyancing in Jersey.

Any question of law is likely to be an Anglo-French affair, since Guernsey adopted English for legislation only in the 1930s and Jersey has since the last war.

Formal use

A recent appeal case judgment in Guernsey cited the 16th century commentator on Norman law, Terrien, from whose work the old French oath administered to local advocates is taken.

In a report on the Channel Islands after the Occupation, the Privy Council recommended that French should be kept for formal and ceremonial occasions, and this remains the practice throughout the archipelago.

A cry of "La Cour" and prayers in French open the sittings of the higher courts. In the parliaments members report a missing colleague as "absent de l'île" and vote "pour" or "contre."

Sometimes the proceedings are a mixture of tongues, as when a Guernsey advocate seeks the court's permission to register a company with the words "J'en supplie" and then acknowledges the assent by saying "I am obliged."

Many outsiders wrongly suppose that before Channel Islanders became English-speaking they all spoke the local Norman-French patois in its various insular and parochial forms.

The patois—a survival, it is claimed, of the language of William the Conqueror — was strictly the vernacular. An educated 18th or 19th century Channel Islander would speak and write "good" French, and older inhabitants can remember when it was considered bad *form for gentlefolk even to* know the patois.

Now Norman-French has become part of the islands' heritage that they are anxious to preserve. It is still heard fairly often in Jersey (where it is estimated that about 15 per cent of the population use it at times) and in Sark, but is less and less spoken in Guernsey and extinct in Alderney.

However, dictionaries of Jersey-French and Guernsey-French have been compiled and both languages are taught at evening classes.

A rearguard action to keep "jerriais" alive has been fought by a Jersey scholar, Dr Frank Le Maistre, whose efforts have brought him high honours from the French, and by George Le Feuvre, who at 90 still writes a regular Jersey-French newsletter for the local newspaper from his adopted American homeland.

Prof C. Northcote Parkinson, of "Parkinson's Law" fame, who has lived in Guernsey since 1960, annoyed Dr Le Maistre by suggesting at a European conference on regionalism that attempts to revive Norman-French *in the Channel Islands* were misguided.

The professor's point was that such attempts worked against the more important aim of encouraging Channel Islanders, with their francophone background, to recover their "good" French. He argues: "French, not the patois, used to be the language of St Peter Port and the island newspapers."

With hindsight, many islanders would agree that if the French education given in most schools up to the late-19th century had developed into a bilingual instead of an English system, local school-leavers would have been in an enviably good career position in today's Common Market.

Plenty of rain, but not enough storage space

WATER

EDWARD OWEN

SINCE 1976, when Jersey's waterworks company announced that it planned to flood a local beauty spot, Queen's Valley, to provide a sixth reservoir, water has been an emotive issue in the island.

Last November, despite a "Save Our Valleys" campaign that collected 6,000 signatures, local MPs voted by a majority of two to go ahead with flooding the 28-acre valley.

Then came a shareholders' revolt at the Jersey New Waterworks Company, a staid, 99-year-old public company. This was peacefully settled by board changes but it threw all existing policies, including those on capital expenditure and future water resources, temporarily back into the melting pot. The new board has now decided unanimously that the Queen's Valley project should go ahead.

A constant problem for Jersey's waterworks company and its government-run counterpart in Guernsey, the States Water Board, is that the islands have small catchment areas for their relatively high populations.

Local water engineers are sceptical about the traditional belief that deep streams from the Continent run under the archipelago, and that people who draw their supplies from private boreholes (as an increasing number of commercial users have done since the 1976 drought, when water was rationed) are not depleting the islands' resources.

Mr Tom Hurst, engineer and manager of Guernsey's Water Board, insists: "We live on our own catchment area and our water supply comes from the rainfall and nowhere else."

The islands do not normally lack for rainfall, but the difficulty in heavily built-up communities with an acute shortage of land is to find acceptable places to store it. At present Jersey can store less than two months' supply.

It looked at one time as if desalination might be an answer, *but* the escalating cost of oil—and growing reluctance to burn oil to make water—has made this solution progressively less attractive.

Scrapped

Guernsey installed a desalination plant as long ago as 1960, *mainly as an insurance* for its thirsty horticultural and tourist industries, but scarcely used it and finally scrapped it in 1973. When it was last used in 1971, the cost of the water produced was five times the selling price.

In 1970 Jersey invested £1.25m in what was then the world's largest desalination *plant with an output of 1½m* gallons a day. The last time it was used was in the 1976 drought.

The plant is oil-fired and as Mr. Rodney Clarke, director and engineer-manager of the Jersey New Waterworks Company, points out, this now makes the water it produces prohibitively expensive.

"When our plant was designed, oil cost 2½p a gallon. Today it is 36p a gallon. To fire the plant costs up £4,500 a day," he said.

A second desalination plant, Mr Clarke says, would cost over £8m, against an estimated £6.3m *for the Queen's Valley project*—and would have only a fifth of the life of the dam.

While Jersey's demand for water is still rising, Guernsey last year supplied only 87 per cent of the peak 1970 figure, partly because the glasshouse industry is contracting and is also employing methods that use much less water.

Supplies to commercial users are metered in both islands, but Jersey's parliament recently followed Guernsey's example by *rejecting the idea of* compulsory metering for domestic consumers and making it optional.

Guernsey is in a much better storage position than its neighbour following the purchase in 1971 of a disused granite quarry with a capacity of 260m gallons —rather more than that of the island's only artificial reservoir, completed in 1946-47.

"We were criticised for paying £20,000 for a hole in the ground, but it has proved a lot cheaper than spending £5m to £10m on a new dam," said Conseiller William Rowe, president of the water board.

Jersey's five small reservoirs together hold little more than Guernsey's "hole in the ground." Even with the Queen's Valley scheme, Jersey—which has a population of 75,000 against Guernsey's 55,000 and three times the number of visitors—would still have less storage capacity.

The new process of extracting drinking water from the sea by filtration — reverse osmosis — might eventually make desalination more attractive again. But, for the present, it looks as if the islands will have to try to live off their rainfall and, especially in Jersey's case, keep human demand in line with nature's supply.

Profile: OTC—packers and exporters of the world's Earl Grey

GERALD HARRISON immediately asks if you would like a cup of tea when you enter his office. The offer is hardly surprising for Mr Harrison and his company deal with tea in a *big* way.

Overseas Trading Company (1939) packs and exports tea to half the countries in the world: chocolate tea to Germany, nutmeg tea to France, orange blossom tea to Sweden and rose hip tea to Spain. And, of course, Earl Grey to almost everywhere.

From Buenos Aires to Barcelona and on to Bremen Earl Grey is probably the best loved, as well as the best known, of the British aristocracy.

And it all comes from a curious looking factory tucked among the neat houses around the Tower district of St Helier. The plant looks like a group of Nissen huts sprayed with aluminium paint, completely at odds with its surroundings. Opposite the factory's main door someone lives in a terraced house called Daisy Villa.

Gerald Harrison as marketing director of OTC (1939) spends three months of the year away from Jersey, supervising the company's exports to about 100 countries. He is better known in Latin America as the man from Hornimans, in parts of Europe as the Tetleys representative and elsewhere as the man from J. Lyons.

For Overseas Trading is the export arm for a large part of the Lyons tea business, which means that since the 1978 takeover it is part of Allied Breweries.

At first sight it may seem surprising that one of the world's great tea concerns should concentrate so much of its overseas business from Jersey but there is a long history linking tea with the Channel Islands.

A Mr Cooke arrived on Jersey 105 years ago to take advantage of the low duties and taxes to promote his tea business with South America. He had a tea then sold under the name Te Sol.

The business prospered, Mr Cooke was joined by his brother-in-law, a Mr Walker who, on the death of Cooke, renamed the company Walker and Sons in 1890. But it was a chance shipboard meeting in 1920 with a director of Hornimans that led to the forming of a joint company, Overseas Trading, which bought the export tea business of Horniman and its associate, J. Lyons, into Walker's St Helier business.

By the outbreak of war OTC had become one of the largest companies on the island, a position it still holds with some 170 employees. The company receives the unblended teas—most black teas, that is those usually drunk in Britain, are blends from 33 gardens—from associates in Greenford, west London, and the tea is then put in cartons, tea-bags or tins for overseas shipment.

Most of the teas now go out as teabags. But even this simple statement hides subtle differences. Many countries such as America and France like their teabags on a tag and string, others such as Canada prefer them without either. The Italians want a tagless bag but placed in an envelope.

Some countries like their tea in small 4 gramme bags of a weak mixture; others such as Japan, Sweden or the U.S. want tea in cans holding as much as 450g (about 1 lb).

Tea is doing well in the battle with coffee, especially in those countries where coffee is strongly entrenched. "In the coffee-drinking countries tea is selling extremely well," Mr. Harrison says. "Take France. Since the middle 1960s the amount of tea drunk has probably jumped almost threefold. There has been staggering growth in the Middle East and it is growing all the time in the U.S."

After teabags, which has been the great development since the war, the most important moves have been packaging in tins and the arrival of flavoured teas.

All teas have a flavour and varying degrees of strength as an inherent quality, of course. What the continentals in particular like are teas which have quite artificially been given a distinctive flavour.

They also like herb teas, which are not really teas at all but a herb, such as camomile or mint, on to which hot water is poured.

One of the earliest, and still one of the most popular of the flavoured teas, was lemon. Now, very esoteric flavours are finding favour: chocolate and vanilla, apricot and nutmeg.

But the granddaddy of them all is Earl Grey, the tea that was produced to satisfy the offbeat taste (for tea, that is) of the statesman whose Reform Act in 1832 did so much to bring a wider franchise to Britain.

Earl Grey, the tea not the statesman, is an Indian leaf sprayed with oil of bergamot, a citrus fruit from Italy, hence the distinctive flavour. It is surprising that this radical 19th century reformer should be better known as a flavour of a drink than as the prime minister who helped extend democracy towards the masses by enfranchising the middle classes and ending England's system of rotten boroughs.

Anthony Moreton

St. Peter Port. Guernsey made a difficult start to its holiday season but is popular with the Dutch—there are six flights a week from Amsterdam

Fewer visitors as Europe's recession bites

TOURISM

ANTHONY MORETON

THERE WERE just four other passengers on the ferry from St Peter Port to Herm, fare £2 return. So few people made the three-mile crossing that the company withdrew one sailing and still had a mere 38 passengers for the last trip back to Guernsey, by this time shrouded in a mist that grounded all aircraft the next day.

The evidence of one's eyes told the same tale in the High Street, St Peter Port's main shopping thoroughfare, and was repeated in King Street in St Helier, Jersey's capital. There are fewer holidaymakers making the crucial decision over which whisky to buy at £5 a litre bottle or which cigarettes at £4.50 for 200.

There has been an inauspicious start to the 1981 season and, coming after a year in which income from tourism fell below the record heights of 1979, the omens are not good. Early season soundings suggest that the number of visitors this year could be 15 per cent down on last year.

The most obvious cause is the recession. Four out of every *five visitors to the islands come* from Britain and the redundant steelworker in Corby or Workington is now more likely to take a day trip to Great Yarmouth or Blackpool than spend a fortnight in St. Helier.

Unemployment in France has also hit Jersey in particular. The island has always attracted a lot of French, much to the chagrin of Guernsey which cannot draw them at all apart from the yachting fraternity, and the weak franc combined with higher unemployment in that country has stifled demand.

Guernsey has managed to build quite a reputation in Holland, with six flights a week into the island from Amsterdam now, and this trade has held up rather better. But, even so, increasing competition from foreign resorts has been another factor to be taken into account.

Weak franc

Mr. Michael Walden, director of tourism in Guernsey, smiles wryly and admits: "This is going to be an unusual year. It is the year when the records come to an end. We shall not see the like of 1979 again, at least not this year."

His counterpart in Jersey, Mr Leslie Rebindaine, chief executive of tourism, agrees. "We have been hit by a strong pound and a weak franc and there is no way this year will compare with 1979."

Twenty years ago this decline in tourist income would have been a serious blow for the islands but their enormous growth as offshore centres in the intervening years has made financial activity the main prop of the respective economies.

Nevertheless, for islands which live within their ability to raise revenue and meet most capital projects out of income, any fall in what is still the next most important sector of the economy is a serious blow.

To arrest the decline Guernsey has stepped up its promotion this year, spending an extra £60,000, making £600,000 in all. This Mr Walden describes as "unprecedented."

"We could see the downturn coming late last year and by the end of February things looked bad. I think the prediction of a 15 per cent drop is overdoing it but there is little doubt we shall be about 10 per cent off."

Tourism in Guernsey contributes about 25 per cent of the national income and in Jersey some 35 per cent, where it brings £115m a year to the island.

The fact of life that both Mr Walden and Mr Rebindaine have to fight is that income from holidaymakers is now very much on a plateau.

Before the oil crisis in 1974 a graph would have shown a steadily-rising contribution to the economy from this sector, but over the past seven years there has been little growth as the cost of fares, particularly air fares, has gone up. One slightly surprising feature about last year though is that Sealink managed to carry another 22,000 passengers to Guernsey, to 154,200, at a time when arrivals by air dropped from 216,000 to 203,400.

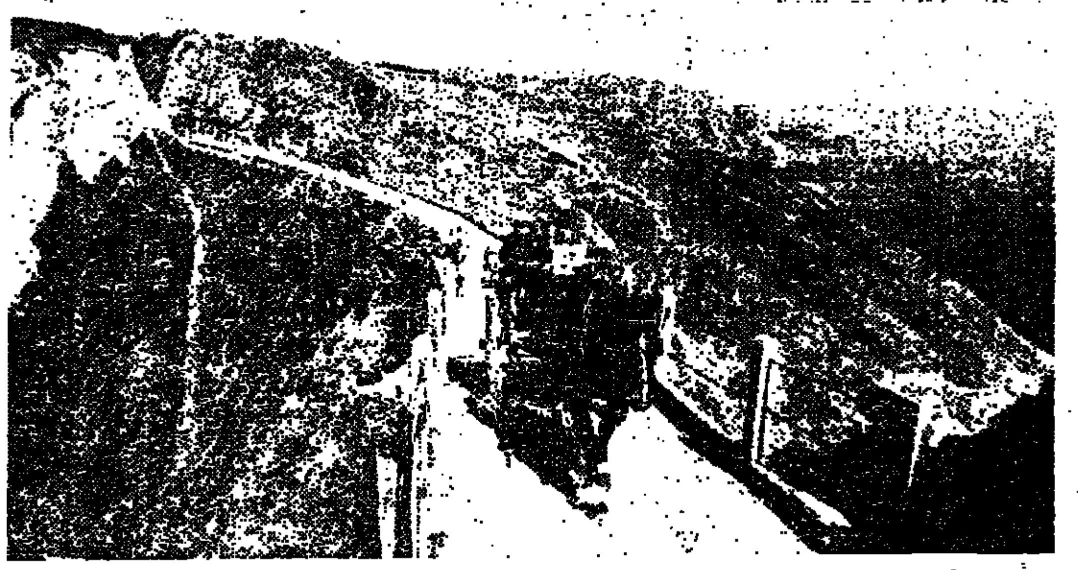
The withdrawal of British Airways from Guernsey was a serious blow and has led to much criticism. Air UK has attempted to fill the gap, not altogether satisfactorily according to local residents who regret the old aircraft being used. This should improve soon though when new ones are brought in.

Guernsey Airlines, a small local carrier, has attempted to give the island a boost by taking up British Airways' scheduled service to Manchester, and has added Gloucester, Cambridge, Prestwick and Newcastle to its destinations. But a potentially more serious problem is that there is a finite number of visitors the island can handle without destroying the qualities they come to see.

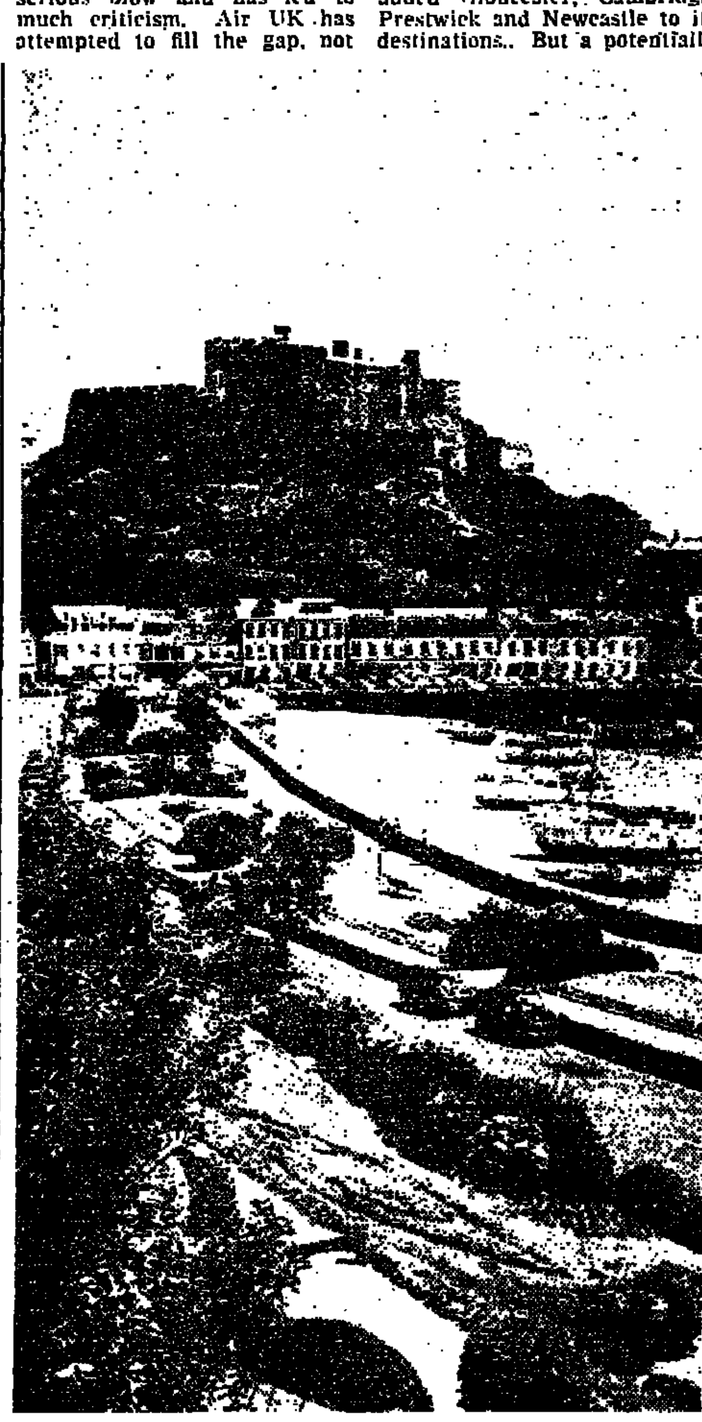
On Guernsey, for instance, the island has set a limit of 15,000 beds and has reached just over 13,000. Jersey has an official limit of 25,000 in registered places but registration refers only to places offering at least six bed-spaces and at the height of the season it accommodates about 39,000 people at a time. Interestingly, though, the figure of 25,000 has been fairly stable throughout the 1970s.

Work has started on a £4.5m hotel, the St. Pierre Park, on Guernsey by the St Ann Brewery, a Jersey concern. This will be the first new hotel of any consequence since 1939 when it is opened in two years' time but discussions are continuing over two others which would add a further 450 beds.

No such developments are under way on Jersey. One company has bought the Grouville Bay Hotel next to the Royal Jersey Golf Club and plans, provided it gets the go-ahead from the Government, to raze and rebuild at a cost of about £5m. Otherwise, the main thrust is on improving facilities to International standards.



Horsedrawn trap on the tiny island of Sark where cars are banned



St Orgueil Castle and the sub-tropical gardens at Gorey, on Jersey

WORLD STOCK MARKETS

Early Wall St. rally fades

STOCKS ON Wall Street showed a firmer inclination yesterday morning as the market regained confidence that interest rates *would soon start to ease.* However, the market began to slip back around mid-session.

The Dow Jones Industrial Average was only a net 0.38 harder at 999.71 at 1 pm, after recording a rise of 3.05 at noon. The NYSE All Common Index was 22 cents up at $77.22, after reaching $77.36, while advances led declines by a *seven-to-five* margin. Turnover amounted to a substantial 33.33m shares, but *was below* Wednesday's 1 pm level of 36.15m.

Analysts noted that Wednesday's declining market gave back only about half the gain achieved on Tuesday, and the market is still technically in an upswing. They said investors continue to believe that interest rates have peaked, even though the downward *trend is slower in starting* than first expected.

Harvey Deutsch, of Purcell Graham, said investors interpreted a weakening gold price yesterday as a reflection of slowing inflation.

Oil stocks had fractional gains after reports that Saudi Arabia plans to cut oil production.

Diamond Shamrock picked up 1¾ to $36¼ in active trading, after losing $3 on Wednesday. Rumours had linked it to Conoco as a possible merger partner before speculation centred on Cities Service as the company most likely to be involved in talks with Conoco.

Asarco put on $1 to $37½ after MIM announced that it plans to increase its stake in the company to 16 per cent from 2 per cent.

Datapoint added 3¼ at $60 and Data General was up $2 to $55. Datapoint was halted for an order imbalance earlier.

THE AMERICAN SE Market Value Index gained 2.19 at 374.69 at 1 pm. Volume 4.04m shares (3.49m).

Closing prices for North America were not available for this edition.

Canada

Mixed overall movements were recorded at mid-day after active dealings. *However, the Toronto* Composite index advanced 13.9 to 2,360.9, bolstered by a rise of 93.6 to 5,089.5 in the Oil and Gas index. Gold shares, in contrast, fell 82.2 to 3,748.0 on index, depressed by the weak Bullion price.

Hudson's Bay Oil and Gas lost 2¼ to C$36¼. Dome Petroleum said it has no intention of making an offer for the remaining outstanding shares. Dome recently acquired *Conoco's 52.9 per cent* block of Hudson's Bay.

Seagram's, which started its offer to buy 35m Conoco shares, eased ⅜ to C$64¼.

Tokyo

The market presented a mixed appearance after thin trading, *with many investors holding off* in view of the high outstanding balance of purchases in margin trading and for end-month reasons.

The Nikkei-Dow Jones Average eased 13.77 to 7,692.84, but gains held a *349-to-292* edge over declines on the First Market section. Volume decreased to 270m shares from Wednesday's 340m.

Sony lost Y250 to Y4,650 to lead other Light Electricals down, *while Pharmaceuticals and* Machine Tools, strong the previous day, retreated on profit-taking.

Motors and Steels improved on limited buying, while Heavy Electric Machines and Ship*buildings were mixed. Oils and* Trading Houses scored gains, but Precision Instruments lost ground.

TDK Electronics fell Y140 to Y5,150, Shionogi Pharmaceutical Y35 to Y665, Daiichi Pharmaceutical Y28 *to* Y825, Okuma Machinery Y25 to Y900 and Toshiba Machine Y13 to Y717.

Nissan Motor added Y30 *at* Y1,030, Mitsui Shipbuilding Y3 at Y223 and Hitachi Y3 at Y676, but Mitsubishi Heavy shed Y4 to Y303.

Optical Fibre Makers met *demand,* Sumitomo Electric rising Y13 to Y473 and Nippon Electric Y14 to Y824.

Paris

French and foreign stock prices were marked down across a wide front in calm trading on the Paris Bourse. The CAC General index slipped 1.6 to 81.0 and the Indicateur de Tendrance index 2.3 to 82.4.

Traders said the only market-affecting factor was the statement by U.S. Vice-President *George Bush in Paris on Wednes*day that the appointment of four Communists to Cabinet posts in the new French Government "is bound to cause concern."

Market participants noted that the selling had affected foreign stocks as well as French shares. The devise-titre, with which French residents are now obliged to buy foreign securities, was quoted at FFr 5.93 bid when trading ended, compared with *FFr 6 at the opening.*

Portfolios and Transportation issues generally resisted the lower trend. Selling focused on the stock of French companies which risk being nationalised, especially Thomson-CSF, which *dropped* 14 per cent, and Dassault, which lost FFr 33 to FFr 365.

CIT-Alcatel dipped FFr 21 to FFr 699 and Michelin "B" FFr 35 to FFr 730.

Germany

Brokers noted a drop in market participation by foreign investors yesterday as the market closed on an easier note after profit-taking. The Commerzbank index retreated 7.1 *from* Wednesday's high for the year to end at 736.5.

Dresdner Bank lost DM 3 and Electrical concern Brown Boveri DM 3.90, but Machine Manufacturers generally improved, with Linde adding DM 3.50.

Public Authority Bonds tended to decline, led down by a one-point fall in the 1981 Bundesbahn 9 per cent issue. The Bundesbank bought DM 5.7m of stock.

Australia

Markets mainly drifted with no clear trend.

However Banks generally hardened and ANZ featured with an advance of 28 cents to A$5.60 amid rumours of a stock split.

Caltex Australia made its debut yesterday, with the A$1 fully paid shares, issued at A$2, *opening at A$2.70 and closing at* A$2.60 after surprisingly light voume. The partly-paid, issued at A$1 and most of which went to small investors, closed at A$1.58, giving the company a total market worth of about A$481m and a rank of about No. 21 on the Sydney market's capitalisation lists. Turnover was good in the cheaper issue.

With the end of the financial year only four trading days away, tax considerations would have kept some of the stags out of the market, in which case the testing time for the stock will come on and after July 1.

Hong Kong

Local selling left most shares easier, as the market continued to cool after its upsurge earlier in the month to an all-time high.

Trading remained much quieter than of late in the absence of fresh stimulating factors, while market sentiment became more bearish as the Hang Seng index fell below the 1,700 level. The index finished the session 25.81 down at 1,683.09, compared with the record peak of 1,780.55 recorded on June 12.

There was some anxiety, one broker commented, because of fears that the Government may reconsider a Bill that would ease rent control on luxury apartments. The Bill would be a boon to property companies.

Carrian Investment, however, advanced 50 cents to HK$12.10. There was much speculation among brokers that the company was buying back some of its own shares.

Indices

NEW YORK —DOW JONES

	June 24	June 23	June 22	June 19	June 18	June 17	1981 High	1981 Low	Since Cm'pil't'n High	Since Cm'pil't'n Low
●Industr'ls	999.33	1008.66	994.20	986.19	985.15	1008.56	1024.05 (27/4)	951.57 (16/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	61.38	61.42	61.57	61.53	61.67	62.22	65.78 (15/1)	58.67 (7/5)	—	—
Transport.	424.08	425.88	422.22	420.23	417.64	418.64	447.38 (16/4)	379.16 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	109.92	111.01	110.18	110.26	110.75	111.68	117.81 (5/1)	103.99 (5/5)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000†	46,650	51,840	41,790	46,450	48,400	55,470	—	—	—	—

●Day's high 1008.09 low 993.15

	June 19	June 12	June 5	Year ago (approx)
Ind. div. yield %	5.48	5.48	5.63	6.07

STANDARD AND POORS

	June 24	June 23	June 22	June 19	June 18	June 17	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	148.98	149.89	148.06	148.46	147.64	149.47	157.02 (6/1)	145.76 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	132.66	133.35	131.95	132.27	131.64	133.62	138.12 (6/1)	128.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	June 17	June 10	June 3	Year ago (approx.
Ind. div. yield %	4.73	4.76	4.79	5.22
Ind. P/E Ratio	9.51	9.46	9.14	7.76
Long Gov. Bond yield	12.48	12.56	12.86	9.55

N.Y.S.E. ALL COMMON

June 24	June 23	June 22	June 19	1981 High	1981 Low
77.00	77.42	76.59	76.75	79.14 (6/1)	72.45 (20/2)

Rises and Falls	June 24	June 23	June 22
Issues Traded	1,880	1,919	1,925
Rises	537	959	700
Falls	932	575	826
Unchanged	411	375	399
New Highs	40	51	43
New Lows	10	15	6

MONTREAL

	June 24	June 23	June 22	June 19	1981 High	1981 Low
Industrials	(c)	402.05	402.48	404.45	409.58 (27/5)	356.26 (20/2)
Combined	(c)	370.72	370.84	372.80	375.16 (27/5)	339.34 (20/2)
TORONTO Composite	2347.0	2351.8	2338.2	2350.9	2578.8 (10/4)	2161.4 (20/2)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Diamond S'rock	500,100	34½	−3
Exxon	438,100	34¾	− ¼
Lockheed	425,000	38⅝	−1⅞
IBM	418,600	59½	+ ½
Am. Tel. & Tel.	391,900	57⅛	− ⅛
Norton Simon	389,800	15¾	—
Am. Home Pds.	386,400	34¼	+ ⅛
Firestone Tyre	385,900	13⅝	+ ⅛
Western Air Ln.	383,800	11½	+ ⅛
Sears Roebuck	374,000	19⅜	− ⅛

	June 25	June 24	June 23	June 22	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	706.2	706.8	701.5	705.0	757.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	596.9	601.5	596.3	599.9	755.2 (7/1)	554.9 (3/3)
AUSTRIA Credit Aktien (2/1/62)	60.02	60.44	60.24	60.25	66.43 (5/1)	59.69 (10/6)
BELGIUM Belgian SE (31/12/63)	75.54	75.75	75.88	76.11	99.16 (17/2)	99.55 (16/6)
DENMARK Copenhagen SE (1/1/73)	112.03	112.23	111.79	111.22	112.34 (23/6)	95.88 (2/1)
FRANCE CAC General (29/12/61)	81.0	82.6	82.0	81.2	112.5 (17/3)	77.8 (15/6)
Ind Tendance (31/12/80)	82.4	84.7	84.0	82.7	106.8 (15/3)	78.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	239.33	241.16	241.16	239.38	241.16 (23/6)	215.88 (9/2)
Commerzbank (Dec. 1953)	736.5	743.6	742.9	736.1	743.6 (24/6)	656.4 (16/2)
HOLLAND ANP-CBS General (1970)	95.8	96.2	95.7	95.7	96.2 (24/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	75.0	75.8	76.0	76.4	76.4 (22/6)	62.8 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1683.09	1708.90	1706.95	1677.56	1780.55 (12/6)	1295.44 (11/5)
ITALY Banca Comm Ital (1972)	234.08	230.00	275.68	215.12	292.05 (5/6)	175.56 (6/1)
JAPAN Dow Average (16/5/49)	7692.84	7706.61	7706.41	7699.86	7714.57 (19/6)	6956.52 (15/3)
Tokyo New SE (4/1/68)	576.21	576.16	578.56	575.52	578.51 (17/6)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	114.94	115.12	115.62	115.60	127.57 (4/5)	110.34 (5/6)
SINGAPORE Straits Times (1966)	978.85	965.98	959.11	962.46	970.95 (25/6)	653.51 (2/1)
SOUTH AFRICA Gold (1958)	(u)	553.1	548.2	549.6	797.6 (7/1)	548.2 (23/6)
Industrial (1958)	(u)	620.5	621.8	625.1	653.5 (1/5)	557.2 (5/2)
SPAIN Madrid SE (30/12/80)	137.42	136.36	138.57	(c)	141.48 (17/6)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	578.53	569.45	556.57	551.56	573.53 (25/6)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	287.4	288.8	296.6	287.2	304.2 (2/4)	278.8 (27/5)
WORLD Capital Intl. (1/1/70)	—	156.1	158.4	155.3	162.8 (6/1)	148.8 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus *40 Utilities, 40 Financials and 20 Transports.* c Closed. u Unavailable.

هكذا من الأصل

Egg price cut blamed on French surplus imports

BY JOHN EDWARDS, COMMODITIES EDITOR

BRITAIN'S leading egg producers yesterday announced wholesale price cuts of up to 6p a dozen and claimed that a flood of "unwanted" French surpluses was undermining the market.

The cuts, effective next week, are the first significant reduction in egg prices for over a year. They equal roughly 10 per cent and companies say that as a result they will be selling at a loss.

The main UK suppliers, Daylay and Goldenlay, both noted that while the British housewife would benefit in the short term from the cheaper prices, they would suffer in the long term if UK egg production was cut still further.

There have been complaints from the British industry for some months about cut-price egg supplies from other EEC countries, notably Holland, Belgium and France which have expanded production while the UK has cut back.

Earlier this year in response to these appeals the Ministry of Agriculture clamped down on sub-standard quality imports but they could find no proof of allegations that imports were being repacked under British labels.

Since then French supplies in particular have been stepped up in the past two months or so, according to the trade. Because of the Civil Service dispute official figures are not available, but the latest weekly report from the Eggs Authority notes that according to French sources, exports of French eggs during the first week of June totalled 48,125 boxes (of 360 eggs each) and of these 26,489 boxes went to Britain.

The authority also quotes figures showing that French egg exports in the January-March period this year jumped to 585,528 boxes compared with 240,833 boxes a year ago and 154,166 in the same period of 1979. The UK market took 19 per cent of that total. In comparison French egg imports during the first quarter of this year declined to a mere 69,400 boxes.

British egg producers say that UK exports, which at one stage last year exceeded imports, have fallen sharply partly because of the stronger pound but mainly as a result of the continued cuts in output as a result of uneconomic prices.

They claim that the French eggs are being "dumped" in Britain at well below the cost of production. France is now said to have a growing surplus of eggs to get rid of because of the generous financial incentives to increase output provided by the French government—a similar situation to the rise in French turkey production that has been sharply criticised by Mr Peter Walker, Minister of Agriculture.

● A firm pledge to fight for Britain's daily doorstep milk deliveries was given in the commons yesterday by Mr Alick Buchanan-Smith, Agriculture Minister of State.

The Government would be contesting the European court case, brought after the French were refused permission to export ultra-heat treated milk to Britain, he assured MPs at question time. Shadow agriculture minister, Mr Roy Mason, earlier yesterday urged the Government to contest the case, warning that cheaper UHT milk could threaten Britain's dairy industry—and traditional doorstep deliveries.

W. Germany may join cocoa pact

By Our Commodities Editor

REPORTS that West Germany may drop its opposition to the EEC joining the proposed international cocoa agreement helped cocoa prices rally yesterday afternoon. On the London futures market the September position closed £12.5 down at £823.5 a tonne after falling back to £804 earlier in the day when producers re-emerged as sellers.

According to Reuter reports from both Bonn and Geneva, West Germany is apparently reconsidering its position on the cocoa pact, which it refused to join unless the Ivory Coast, the world's biggest producer, agreed to become a member.

However, the other nine member countries of the EEC have put pressure on West Germany to change its mind and an announcement is expected today. The Community has already urged the Ivory Coast to join the pact. In any event countries willing to join are to meet in Geneva on Monday and Tuesday next week to discuss whether they can go ahead with the Agreement, without either the Ivory Coast or the U.S. joining.

Producer countries who want to join—Brazil, Ghana and Cameroun—held preliminary talks in Geneva yesterday and agreed to press for the Agreement to be applied provisionally.

Compromise on EEC farm policy

BY LARRY KLINGER IN BRUSSELS

THE European Commission, in its plan to reform its agriculture policy, has presented the 10 member-states with a direct challeng to reverse the Community's costly 20-year history of guaranteeing farm incomes by encouraging over-production.

The trouble with the Commission's package of agriculture measures is that in one sense it offers little that is new. A "prudent" price policy to discourage open-ended subsidy has been put forward by a succession of Agriculture Commissioners, only to be rejected by a succession of the member-states' Agriculture Ministers.

What is new is that the political climate in Western Europe, because of economic recession and the continuing strains on national and EEC budgets, may be ripe for a crack-down.

The "bottom-line" effect of the Commission's plan would be a squeeze on the growth of farmers' incomes, with the possibility of a safety net for the worst-hit.

The Commission envisages setting production limits on a whole range of commodities over which a progressively reduced guaranteed price, or no guarantee at all, would prevail. The message is clear: over-produce at your own risk, for the Community is not going to pay.

Acceptance by member-states of such schemes only a few years ago would have been unthinkable. Yet, member-countries' Agricaulture Ministers recently adopted similar arrangements for sugar and approved in principle such a plan for cereals.

The Commission is now asking for acceptance of the principle to be applied virtually across the board, and is preparing just such a plan to be presented along with its year-end proposals for next year's annual farm price fixing in the Spring.

To lessen the blow to farmers of a true reform of the CAP and obviously to court acceptance by the member-countries, the Commission is proposing a range of other measures.

For example, the Commission is proposing to attempt to bring Community prices more into line with generally lower world prices, first by curbing price rises at home and secondly by putting upward pressure on world prices in markets where the Community has a strong position, such as in dairy products and sugar.

Additionally, the Commission is proposing to commit itself to a stepped-up export drive.

A closer alignment of EEC and world prices would cut the high cost of export subsidies and be particularly welcomed by West Germany and Britain, the "paymasters" of the CAP.

The main safety-net included in the Commission package is the only true innovation: the suggestion that Community co-ordinated direct income aids could be introduced to help the farmers worst-hit by a clamp-down on guaranteed prices.

The Commission package is a typical EEC compromise: an attempt to provide something for everyone. But it is the reverse of the coin that will now be important: a true reform of the CAP poses potential threats to all national interests, especially in the smaller northern countries whose farmers have benefited most.

The infighting among the member-states has yet to begin, and the battle will be fierce and protracted. Asked how long he thought a reform on the scale proposed might take, a senior Commission official yesterday said: "Ten years!" with the implication not to be taken literally but that the real answer was anyone's guess.

Danes hit at budget changes

By Our Copenhagen Correspondent

THE EEC budget reform proposal produced sharp reactions from the Danish Farmers' Association yesterday, claiming that Danish farmers would have to pay millions of pounds just because Great Britain has a relatively small farm production.

"It can cost Danish farmers up to DKr ½bn (about £35m) if the budget proposal is adopted, the president of the farmers association, Mr Hans Kjeldsen, warned yesterday. Mr Kjeldsen said: "It cannot be right that Great Britain, because of a small farm production, and therefore small income from the EEC, are having millions upon millions of pounds in return at the cost of Danish farmers, among others, which have a relatively large and efficient production."

There has been no government reaction so far, but politicians from the Conservative party and the Agrarian party yesterday called on the Danish government to veto the new policy.

Record UK harvest forecast

By Sara Davies

A RECORD cereals harvest in the UK of about 20m tonnes was forecast yesterday by the managing director of a leading UK grain and seed merchants. This compares with 19.1m tonnes last year.

Mr George Paul, of Pauls Agriculture said that this year's cereal crops looked in good condition, in spite of warnings of virus in wheat. He forecast that domestic demand for cereals would not be particularly buoyant and estimated a surplus of 1.5m tonnes of wheat and 2.5m tonnes of barley to go into intervention, store or for export.

In contrast Mr Paul forecast a poor forage crop, due to wet weather earlier in the year which delayed hay and silage making in many parts of Britain.

At the same time the International Wheat Council said it had narrowed its estimate of world wheat output (1981-82) to between 460m and 470m tonnes

Plan to cut Japan's aluminium production

BY ROY HODSON

A SCHEME being discussed by the Japanese government and aluminium producers would slash Japanese primary aluminium production to only 700,000 tonnes a year—less than half the levels of recent years.

The high cost of imported fuel oil for electricity generation is making aluminium production uneconomic in Japan. Already the industry has cut production to 1.1m tonnes a year by scrapping or mothballing 500,000 tonnes of plant capacity.

Japan is investing heavily in the expansion of the Australian aluminium industry which may be capable of producing 2m tonnes of metal a year by the end of the 1980s. Clearly the cutbacks in Japanese production are intended to be largely replaced by imported metal from Australia in the long-term.

LEAD WAS a strong market on the London Metal Exchange yesterday. Cash lead closed £3.25 up at £377.75 a tonne in spite of the settlement of the 12-week strike at St Joe Minerals lead plants.

The strike halted production at St Joe's four Missouri lead mining facilities since the beginning of April. It caused the company to declare *force majeure* on shipments earlier this month.

However, talks between Amax Inc's lead division and workers — strike remain at a stalemate according to a company official. The Amax lead operations in Missouri have been shut down since June.

Spot silver fell to $9.50 an ounce in New York, its lowest level since August 1979, as speculators reacted nervously to the gold price fall. Silver fell 19.5 an ounce in London on the meta exchangeto finish at 489.5p an ounce.

End to U.S. tax straddles

By Nancy Dunne in Washington

THE U.S. futures industry both lost and gained this week on legislation from the Senate Finance Committee to end the use of straddles as tax shelters.

The loss was mostly to the wealthy who use the straddle techniques to avoid paying an estimated $1.3bn a year. The winners were the regular investors whose maximum tax on gains was cut to 32 per cent from a maximum high of 70 per cent.

The legislation would do away with tax straddles by taxing all contracts as the year ends and eliminating the distinction between long and short term gains in futures trading. Under current practices, investors have been realising a loss, offsetting it with other profits, and rolling forward their gains into other years.

FARMER'S VIEWPOINT

Doubts about tenancy pact

THE RECENT agreement between the National Farmers Union and the Country Landowners Association on tenancy succession, while agreed by the councils of both these organisations, has run into a good deal of sniping from what might be called the grass roots of both farmers and landlords. The Farmers Union of Wales, which is independent of the NFU, but must be taken into account, has come out strongly against it.

It must be recalled that the agreement limited the succession of tenancies to those existing. New ones would have to revert to the situation under the 1948 Act which were in fact for the tenant's lifetime. In return, the rules for fixing rents by arbitration were to be redrawn so that instead of fixing a rent based on tenders, which could include an element of key money because of the scarcity of farms to rent, the rent would be fixed on the productivity of the land.

The deal was a strange one for the NFU to consider, bearing in mind that 40 per cent of farmers are tenants. But most existing tenants are far more worried about the rising scale of rents, than they are by the fact that someone, in some future generation, should not be able to pass on his letting to his son.

In point of fact very few rent revisions go to arbitration. But tenants complain that every time negotiations start—and they can occur every three years in England and Wales and five in Scotland—they are threatened with arbitration, together with colourful accounts of recent bids for the new farms available to rent.

Members of panels from which the arbitrators are chosen are generally chartered surveyors, and one or two of them have acquired the reputation of Judge Jefferies among farmers. But in fairness it must be said that few of them have much direct knowledge of the intricacies of farming economics. They take the commonsense view that if aspiring tenant farmers will bid a certain sum for the farms on offer, that must be their value. It is doubtful if they can assess rents on any other basis.

But in any case the financial results of farming are directly linked to the individual farmer and his circumstances. One man will make extraordinary profits and another will make none on the same farm. The first will be prepared to pay a high rent, while the second will be complaining all the time.

It used to be said that a high rent would encourage the tenant to exhaust the soil by over-cropping, and there were very strict rules in all tenancy agreements to protect the landlord against this, based on rotations. Recent experience has shown that overcropping can be persued with impunity.

There have been a number of attempts to avoid the rigidities of the present tenancy laws by lettings for short terms on partnerships. There is nothing new in this. Share farming is probably as old as farming itself. But in the UK context it has led to some agreements of extraordinary complexity. In addition it is possible that some of these partnerships could be challenged as being outside the Acts and hence in reality tenancies which their drafting was intended to avoid.

The difficulties over rent arbitrations could probably be avoided by relating the rents to the productivity of the farm, either by some assessment of land quality or by making the rent a proportion of the total output. On the question of land quality, a system used in France, the rent appeared to work out at about 10 per cent of gross output.

The calculation was based on output and market price. The output is arbitrarily fixed on land quality and the market price is the average for the district of the main product.

It the NFU and the CLA really wish to bring the tenancy systems into the 20th and 21st centuries they should explore the possibility of bringing in arrangements of this sort.

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

Base metal prices held up well on the London Metal Exchange in the face of the decline in the bullion price. After a quiet day, Copper closed just above the low point at £883, tin finished at £6,555 after a high of £6,570, and lead remained a strong market, closing at £376.5. Zinc touched a high of £441.5 before closing at £433.5, aluminium traded within a narrow range and was finally £822.5, and nickel gained a little ground to close at £3.175.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	862-.5	—5	860-.5	—4.25
3 months	887.5-8	—5	885.5-6	—4
Settlem't	862.5	—5	-	......
Cathodes				
Cash	855-.5	—4.75	853-.5	—5
3 months	878-9	—4.25	875.5-6	—4.75
Settlem't	855.5	—5.5		......
U.S. Prod	...		*83.5-7	....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £862, 62.5; three months £887, 886.5, 87, 87.5. Cathodes: Cash £855.5; three months £878. Kerb: Wirebars: Three months £888, 88.5, 88. Afternoon: Wirebars: Cash £862; three months £889, 88, 88.5, 88, 87.5, 88, 87, 86.5, 86. Cathodes: Three months £876. Kerb: Wirebars: Three months £888.5, 87, 87.5. Turnover: 15,850 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6400-10	—12.5	6430-40	—5
3 months	6542-5	+1	6565-70	—2.5
Settlem't	6410	+10		......
Standard				
Cash	6400-10	—12.5	6430-40	—5
3 months	6542 5	+1	6565-70	—2.5
Settlem't	6410	—10	—	......
Straits E.	‡$29.20	......		......
New York	—	......		

Tin—Morning: Standard: Cash £6,405, 6,400: three months £6,560, 50, 40. Kerb: Standard: Three months £6,540, 35. Afternoon: Standard: Three months £6,565, 70, 65. Kerb: Standard: Three months £6,565, 60, 50. Turnover: 755 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	373.5.4	+.75	377.5-8	+5.25
3 months	377-.5	—1	380-.5	+.5
S'ment	374	+.5		...
U.S. Spot	..	......	*38	.....

Lead—Morning: Cash £373.5; three months £376, 77, 77.5. Kerb: Three months £377, 78, 78.5, 79, 80. Afternoon: Cash £378, 77.5; three months £381, 80.5, 80, 81, 80.5, 80. Kerb: Three months £380, 79, 78, 77, 76.5. Turnover: 12,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	441-2	—6.5	433-4	—10
3 months	441-2	—2	435-.5	—4.5
S'ment	442	—7		.....
Primw'ts		......	*46.5	......

Zinc—Morning: Three months £438, 38.5, 39, 39.5, 40, 40.5. Kerb: Three months £441, 40. Afternoon: Cash £434; three months £440, 38, 37, 36, 34, 35, 35.5. Kerb: Three months £437, 36.5, 35, 34. Turnover: 8,450 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	598.5-600.5	—12	601-2	—4.25
3 months	620.5-1	—11.5	621.5-2.5	—4.75

Aluminium—Morning: Three months £622, 21.5, 21, 20.5. Kerb: Three months £621, 21.5, 22. Afternoon: Three months £624, 24.5, 25, 24, 23, 23.5, 22.5, 22, 22.5, 23, 22.5, 22. Kerb: Three months £622. Turnover: 7,675 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3128-30	+1.5	3145-55	+20
3 months	3165-75	+5	3175-85	+7.5

Nickel—Morning: Cash £3,128; three months £3,162. Kerb: All carries. Afternoon: Cash £3,150; three months £3,175, 80. Kerb: Three months £3,175. Turnover: 544 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	14 %
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½ %	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½ %
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¼% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

SILVER

Silver was fixed 6.75p an ounce lower for spot delivery in the London bullion market yesterday at 503.85p. U.S. equivalents of the fixing levels were: spot $9.901, down 20.9c; three-month $10.34, down 20.6c; six-month $10.732, down 21 2c; and 12-month $11.498, down 22.2c. The metal opened at 501-504p ($9.85-$9 95) and closed at 491-495p ($9.6-$9.7).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	503.85p	+6.75	489.5p	—19.5
3 months	518.35p	+7.65	504.5p	—19.7
6 months	534.20p	+7.99	—	......
12 months	566.50p	+8.30	—	......

LME—Turnover 156 (55) lots of 10,000 ozs. Morning: three months 518.5, 19. Kerb: untraded. Afternoon: three months 508, 5, 4, 3, 4, 5, 6, 5.5, 5. Kerb: three months 505, 5.5, 6, 7, 7.5.

COCOA

Futures initially eased reflecting trade hedging of substantial producer sales and also commission house profit-taking. Prices rallied to the opening levels before renewed producer selling pared gains. Manufacturers remained sidelined, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	795-800	+4.0	818-782
Sept.	823-824	—12.5	850-804
Dec.	866-867	—7.0	875-840
March	897-898	—6.5	900-870
May	915-916	—9.5	917-899
July	932-938	—11.0	929-912
Sept.	951-954	—12.0	948-935

Sales: 8,474 (5,885) lots of 10 tonnes.

ICCO Futures—Daily price for June 24: 76.65 (73.31): five-day average 74.10 (73.94).

COFFEE

Robustas continued the steadier tendency despite opening marginally lower, reports Drexel Burnham Lambert. Influenced by a firmer New York and lower sterling, gains were posted but a lack of follow through suport saw values drift lower to finish around mid-range.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	738-39	—3.0	747-34
Sept.	760-61	+3.0	770-48
Nov.	751-52	+1.0	762-46
Jan	756-57	+7.0	765-50
March	758-60	+2.5	766-00
May	761-65	+5.0	765-00
July	760-67	+7.5	—

Sales: 2,980 (4,570) lots of 5 tonnes.

ICO Indicator prices for June 24: (U.S. cents per pound). Comp. Daily ICA 1976 90.17 (90.00): 20-day average 101.76 (103.00).

GAS OIL FUTURES

Near months rallied sharply on Saudi Arabian crude news before falling back on bearish physical gas oil news. Heavy buying before the New York opening pushed the market back up, but it later fell back again, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	288.00	+1.00	288.00-88.00
July	285.00	+0.75	287.00-84.50
August	286.25	+1.25	288.00-85.50
September	288.50	+1.80	291.00-88.25
October	291.75	......	292.25-91.75
November	296.50	+0.25	297.50-96.50
December	301.50	......	302.50-01.50
January	305.00	+1.00	305.00-05.00
February	308.50	+0.75	—

Turnover: 1,046 (764) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Aug 385, 405, nil: Oct 388, 391, nil: Dec 389, 392, nil: Jan 391, 393, nil: March 401, 403, 402: May 409, 411, 410: Aug 419, 424, nil: Oct 424, 426, nil: Dec 426, 427, 426. Sales: 7.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. July 500.5, 501.0, 502.0-499.0; Oct 495.5, 496.5, 496.0-492.0; Dec 502.0, 502.5, 503.0; Mar 509 0, 510.0, 509.0-506.0; May 516.0, 517.0, 516.9-514.0: July 520.0, 522.0, 521.0-518.0; Oct 519.0, 521.0, 519.0; Dec 523 0, 526.0, 522.0-521.0. Sales: 381.

GRAINS

New crop wheat opened unchanged. Values dipped but a steady buying interest rallied the market in the afternoon. Barley eased under hedge selling pressure, but some buying support steadied the distants, Acli reports.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday's close	+ or —
July	112.70	—0.20	—	....
Sep	100.45	+0.25	95.15	—0.10
Nov	104.30	+0.25	99.00	—0.10
Jan	108.20	+0.20	102.90	....
Mar	111.75	+0.10	106.15	....
May	115.65	+0.20	109.70	+0.05

Business done—Wheat: July 112.80-112.70, Sept 100.20-100.10, Nov 104.30-103.95, Jan 108.20-107.95, March 111.70-111.60, May 115.55-115.45. Sales: 126 lots of 100 tonnes. Barley: Sept 95.20-95.15, Nov 99.05-98.95, Jan 103.00-102.85, March 106.15 one trade, May 109.70-109.65. Sales: 94 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent afloat 107.75, July 106.75, Aug 106.25 transhipment East Coast. U.S. Hard Winter 13½ per cent afloat 109, July 109 75, Aug 110.75 transhipment East Coast. English Feed fob Oct 106.50, Nov 108.50 East Coast. Maize: French July 127.25 transhipment East Coast. S. African Yellow July/Aug 88.75 seller. Barley: English Feed fob Aug. 96.25 paid East Coast. Jan/Mar 108 paid East Coast. Sept 98 seller East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 106.90; S. West 106.60; N. West 105.40. The UK Monetary Coefficient for the week beginning Monday June 29 will remain unchanged.

RUBBER

The London physical market opened slightly steadier, with fair interest throughout the day, closing uncertain. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 261.5 (260.0) cent a kg and SMR 20 226.5 (225.0).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	60.10-60.40	59.40-59.50	—
Sept	61.20-61.50	—	—
Oct-Dec	65.20-65.30	62.50-62.40	63.70-62.20
Jan-Mar	66.20-66.30	65.50-65.40	66.60-65.40
Apl-Jne	68.10-69.20	68.00-68.10	69.60-68.20
Jly-Sept	71.80-72.00	70.90-71.00	72.50
Oct-Dec	74.90-75.00	73.90-74.00	75.40
Jan-Mar	77.80-77.90	77.00-77.10	78.40
Apl-Jne	80.90-81.10	—	81.40

Sales: 783 (644) lots of 15 tonnes, nil (96) at 5 tonnes. Physical closing prices (buyers) were: Spot 59.00p (57.50p); Aug 61.75p (61.00p); Sept 62.25p (61.50p).

SOYABEAN MEAL

The market opened slightly easier and drifted on mixed selling, reports T. G. Roddick. Prices continued under pressure and late long liquidation pushed prices to lows of the day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	122.80-22.8	—1.20	123.70-22.80
October	126.90-27.0	—1.15	128.00-26.80
December	132.40-32.8	—0.95	133.50-33.00
February	135.50-38.5	—0.75	—
April	136.00-39.5	—0.60	—
June	138.00-41.0	—0.25	—
August	139.00-43.0	—1.00	—

Sales: 51 (121) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £199.00 (£202.00) a tonne cif June-July-Aug shipments. White sugar daily price £222.00 (£224.50).

The market was contained within a narrow trading range in quiet conditions, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	200.55-00.80	199.50-96.55	200.75-196.0
Oct.	205.50-05.45	199.25-99.50	203.75-199.0
Jan.	204.90-04.45	200.00-01.00	203.25-200.0
March	207.00-07.25	203.10-05.50	207.20-202.0
May	208.50-09.00	205.05-05.25	209.75-04.75
Aug	210.00-11.00	206.00-07.00	—
Oct.	211.25-13.00	207.50-09.50	—

Sales: 5,608 (5,668) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.6 (same) a tonne for home trade and £306.5 (£309.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for June 24: Daily price 15.60 (16.04); 15-day average 16.25 (16.36).

POTATOES

LONDON POTATO FUTURES — The market was quiet until late afternoon when strong selling moved prices to 80p down, before rallying again at the close, reports Coley and Harper. Closing prices: Nov 59.90, —0.4 (high 60.40, low 59.80); Feb 69.00, —0.3 (high 69.60, low 68.50); April 76.00, —0.5 (high 76.40, low 75.80). Turnover: 142 (160) lots of 40 tonnes.

★

HIDES—Manchester: very little change. Second clears. Ox: 31-35.5 kg, 42.4p a kg withdrawn (43.0p a kg); 26-30.5kg, 46.2p a kg (45.6p a kg); 22-25.5kg, 50.3p a kg (50.3p a kg). Light cows: 25.5 kg, 44.2p a kg (44.0p a kg).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 203 tonnes, bringing the total for the week so far to 516 tonnes. A gradual improvement in offtake has occurred over the week, with users showing more initiative. Most of the demand centred on Middle Eastern growths, with scattered interest also developing in certain North American styles.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.40, codlings £2.50-£3.50. Large haddock £5.50-£5.80, medium £3.90-£4.20, small £2.50-£3.30. Large plaice £4.80-£6.80, medium £4.40-£6.60, best small 4.00-£4.80. Skinned dogfish (large) £7.00-£7.60 (medium) £4.00-£5.00. Lemon soles (large) £8.50, (medium) £7.50. Rockfish £2.00-£3.30. Saithe £2.00-£2.70.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 25. GB—Cattle 93.40p per kg lw (—2.07). UK—Sheep 159.46p per kg est dcw (—13.13). GB—Pigs 77.54p per kg lw (—0.80).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 76.0 to 80.0; Ulster hindquarters 86.0 to 90.0, forequarters 57.0 to 59.0. Veal: Dutch hinds and ends 126.0 to 132.0. Lamb: English small 72.0 to 80.0, medium 70.0 to 76.0; Imported frozen: New Zealand PL 66.0 to 66.0, PM 64.0 to 64.0. Pork: English, under 100 lb 46.0 to 54.0, 100-120 lb 46.0 to 52.0, 120-160 lb 44.0 to 51.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Oranges—Outspan: Navels 48 4.90, 56 5.70, 72 5.60, 88 5.00, 112 4.85, 138 4.85, 150 4.30: Californian: 88/138 5.00-5.60: Jaffa: (base) Valencia Lates 56/189 4.00-4.90: Moroccan: Lates 48/113 2.50-3.50: Cyprus: Valencia Lates 66/144 3.50-4.00. Lemons—Spanis: Trays 25/50 1.75-2.40, boxes 60/100 4.50-5.00: Californian: 115/140 5.00; Italian: 100/120 4.50-4.80: Outspan: 80/195 4.00-6.00: Jaffa: Cartons 60/90 3.00-4.00. Grapefruit—Outspan: 40 4.30, 48 4.25, 56 4.00, 64 3.60, 72 3.50: Jaffa: 20-kg 36/75 3.60-4.25 Apples—South African: Granny Smith 6.60-7.40, Golden Delicious 6.60-7.20: New Zealand: Granny Smith 6.80-7 00, Sturmer Pippins 6.50, Golden Delicious 4.30-5.00, Red Delicious 7.50, Delicious 7.00, Red Dougherty 7.50: Tasmanian: Jonathans 5.00-6.00, Granny Smith 5.80, Sturper Pippins 6.00, Democrats 7.00, Croftons 7.50: West Australian: Granny Smith 7.00; U.S.: Red Delicious 10.50-11.50: French: Golden Delicious 40-lb 125/175 3.50-4.50; Italian: 40-lb Romes 60/70 4.50, Democrats 28-lb 2.40: Victorian: King Coles 8.30. Pears—Belgian: Conference per pound 0.10-0.12: South African: Packhams 6.00-6.50, Nells 4.50: Tasmanian: Packhams 40-lb 6.60-7.00: New Zealand: Packhams 8.20; Victorian: Packhams 6.50-7.20. Nectarines—Spanish: 37/45 3.80-5.00. Plums—Spanish: Rosas 3/6 1.80-3.30, Japanese 3/5 1.00-1.50, Gaviotas 2.60-3.30. Apricots—Spanish: 11-lb 2.80-3.30. Cherries—U.S.: 18-lb, per pound 0.70: French: 11-lb, per pound 0.40-0.50; Italian: 0.40-0.60; Turkish: 0.70-0.80; Greek: 0.80. Gooseberries—Hungarian: 12-lb 2.50. Grapes—Chilean: Almeria 11-lb 5.00, Red Emperor 3.50, Ribes 5.00; Israeli: Perlette 9-lb 6.50; Cyprus: Cardinal 11-lb 6.00. Melons—Israeli: Carmel Yellow 6/12 3.80-5.00; Spanish: 10-kg Yellow 4.00-4.90. Water-melons—Spanish: 3.00-4.00. Strawberries—U.S.: 12 oz 0.80; Spanish: 0.20. Peaches—Italian: Standard trays A/D 2.40-3.80. Pineapples—Ivory Coast: Each 0.35-0.90; South African: Shelford 5/8 2.60-2.80. Bananas—Colombian: Per pound 0.17-0.18. Avocados—South African: 12/16 3.50-3.80. Tomatoes—Dutch: 13-lb 2.80. Onions—Spanish: Liria 4/5 5.00-6.00; Texas: 50-lb 4.00-5.00. Potatoes—Jersey: New, per 55-lb 4.40; Cyprus: 44-lb bags 4.40-4.50; Brittany: Ostera 3.80. Capsicums—Spanish: 6-kg green 2.50, red 4.50-5.00; Dutch: 5-kg green 4.40, red 4.60. Fennel—Italian: 20-lb 5.50-6.00. Augergines—Dutch: 5-lb 4 80. Carrots—Italian: 20-lb 1.50-2.00; French: Nantes 26-lb 2.00; Cyprus: 22-lb 2.40-2.50. Beetroots—Cyprus: New 28-lb 2.00.

English produce: Potatoes—Per 55-lb bag, Kent 4.30-4.50, Pembroke 4.20-4.40. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0 08-0.15.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 25 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1180/1210	—35	$1270/500
Copper			
Cash w'bar	£860.25	—4.25	£847
3 mths	£885.75	—4	£871.25
Cash Cathode	£853.25	—5	£842.5
3 mths	£875.75	—4.75	£861.5
Gold troy oz	$445.5	—16	$476.5
Lead Cash	£377.75	+3.25	£333.5
3 mths	£380.25	+0.5	£344.875
Nickel	£3,504.58	......	£3,504.50
Freemkt	275/285c	......	285/300c
Platin'mtr'y oz	£247.0	......	£230
Freemkt.	£222.90	—5.35	£232.30
Quicksilvert	$420/430	......	$430/455
Silver troy oz.	503.85p	+6.75	513.55p
3 mths.	518.35p	+7.65	527.35p
Tin Cash	£6,435	—5	£6,132
3 mths	£6,567.5	+2.5	£6,247.5
Tungsten 22.04lb	$145.09	......	$143.75
Wolfrm 22.04 lb	$148/150	+1	$144/149
Zinc Cash	£433.5	—10	£411
3 mths	£436.25	—4.5	£420.5
Producers	$926	......	$926
Oils			
Coconut (Phil)	$570r	—5	$570
Groundnut	‡	......	‡
Linseed Crude	£442	......	£442
Palm Malayan	$615z	+7.5	$682.5
Seeds			
Copra Philip	$360y	—10	$390
Soyabean(U.S.)	$290	......	$310
Grains			
Barley Fut.Sep	£95.15	—0.10	£95.45
Maize	£127.25	......	‡
WheatFut.Sept	£100.45	+0.25	£101.50
No2 HardWint	£109.75y	+0.75	£106.75
Other commodities			
Cocoa ship't*	£884	—13	£958
Future Sept	£823.5	—12.5	£872.5
CoffeeF't' Sept	£760.5	+3	£986
Cotton A.Index	87.30c	—0.1	87.45c
Gas oil July	$286	+0.75	$275.5
Rubber (kilo)	59p	—1	59.5p
Sugar (Raw)	£199xz	—3	£200
Woolt'ps 64s kL	361p kilo	......	340p kilo

‡ Unquoted. v June-July. w July-Aug. y July. z Aug. † Per 76-lb flask. * Ghana cocoa.

AMERICAN MARKETS

NEW YORK, June 25.

Cocoa was not able to hold early gains based on rumours that the Ivory Coast would suspend sales and West Germany would ratify the ICA. Grains and soyabeans came under heavy selling pressure after markets became concerned about possible Soviet intervention. Heating oil advanced slightly on reports that the Saudis would reduce their oil output. Cotton was strong in nearby months because of tight deliverable supplies but distant months were weak on favourable growing conditions, reported by Heinold.

Copper—June 76.80 (77.60). July 76.70-76.80 (77.70), Aug 78.15, Sept 79.30-79.55, Dec 82.80-83.00, Jan 84.00, March 86.00, May 88.15, July 90.15, Sept 92.15, Dec 95.15, Jan 96.15, March 98.15.

*Gold—June 444.9 (453.1). July 445.0 (454.5), Aug 449.0-452.0, Oct 460.0-461.0, Dec 471.0-473.5, Feb 484 5, April 496.0, June 507.4, Aug 518.9, Oct 530.5, Dec 542.2, Feb 552.0-554.0, April 565.8.

*Platinum—July 428.0-430.0 (443.1). Aug nil (nil). Oct 443.5-446.0, Jan 461.8, April 477.8, July 494.1.

Potatoes (round whites)—Nov 71.0-71.1 (72.5), Feb 78.1-78.5 (79.5), March 81.2, April 91.5-91.7. Sales: 612.

¶Silver—June 945.0-948.0 (997.0), July 948.0 (998.0), Aug 96.30, Sept 978.0, Dec 1020.0, Jan 1033.5, March 1060.3, May 1087.1, July 1113.9, Sept 1140.7, Dec 1181.2, Jan 1194.7, March 1221.5. Handy and Harman bullion spot: 958.00 (1003.00).

Sugar—No. 11: July 15.80-15.90 (15.56). Sept 16.10-16.25 (15.90), Oct 16.30-16.35, Jan 16.41-16.50, March 16.84-16.85, May 16.95, July 17.06-17.07, Sept 17.16-17.22, Oct 17.25-17.35. Sales: 8,890.

Tin—575.00-584.00 (582.00-591.00).

CHICAGO, June 25.

Lard—Chicago loose 19.50 (19.25).

Live Cattle—Aug 68.00-68.10 (68.10), Oct 64.90-65.00 (65.35), Dec 65.95-65.85, Feb 66.30, April 67.15, June 68.50.

Live Hogs—July 55.20-55.05 (54.70), Aug 55.20-55.30 (55.17), Oct 53.15-53.30, Dec 55.55-55.45, Feb 56.45-56 35, April 55.45, June 58.00, July 58.40, Aug 57.45.

‡‡Maize—July 332¼-332¾ (338½), Sept 341-340½ (347), Dec 348-348¾, March 362-362¾, May 370-370¼, July 374¾.

Pork Bellies — July 51.60-51.40 (50.85), Aug 51.90-51 60 (51.02), Feb 68.70-68.30, March 68.70-68.30, May 69.50, July 69.50, Aug 68.40.

†Soyabeans—July 690½-691½ (707), Aug 701-701½ (718¼), Sept 711-711½, Nov 728-726, Jan 745½-746½, March 768, May 785, July 797.

‖Soyabean Meal—July 194.0-194.5 (198.9), Aug 198.0-197.8 (202.5), Sept 201.0-201.5, Oct 203.2-203.5, Dec 209.0-209.5, Jan 212.0, March 220.0, May 223.5-224.5, July 226.0, Aug 226.5-228.0, (223.2) Aug 22s9E

Soyabean Oil — July 21.82-21.80 (22.32), Aug 22.25-22.28 (22.77), Sept 22.65, Oct 23.05-23.08, Dec 23.75-23.80, Jan 24.15-24.05, March 24.85, May 25.35, July 25.76-25.85, Aug 25.92-25.95.

†Wheat—July 375-375¼ (383¾), Sept 396-395 (402), Dec 420½-421½, March 443, May 454½, July 462.

WINNIPEG, June 25.

Barley—July 135.10 (140.10), Oct 133 50 (137.70), Dec 133.20, March 134.50, May 136.50.

Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 237.07 (236.82).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs) § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

††Cocoa—July 1511 (1375), Sept 1532 (14444), Dec 1644, March 1732, May 1783, July 1833, Sept 1883. Sales: 2,840.

Coffee—"C" Contract: July 88.75-89.00 (88.06), Sept 90.25-90.50 (89.56), Dec 86.80-87 50, March 86.50-86.75, May 85.75, July 86.00-86.75, Sept 85.75-86.00. Sales: 1,721.

Cotton—No. 2: July 83.25-83.35 (82.95), Aug 81.90-82.00 (82.40), Oct 78.90-79.00, Dec 76.95, March 78.45, May 79.75-79.85, July 81.60-82.00, Oct 81.50-82.00, Dec 79.80-80.50. Sales: 3,300.

*Gold—June 453.1 (483.4), July 454.6 (465.1), Aug 460.0-462.0, Oct 471.0, Dec 482.0-484.0, Feb 495.3, April 507 2, June 519.1, Aug 532.0, Oct 542, Dec 555.4, Feb 567.7, April 580.0.

Heating oil (cents per U.S.)—July 0 9085 (0.9075), Aug 0.9158 (0.9170), Sept 0.9225, Oct 0.9400, Nov 0.9562, Dec 0.9734, Jan 0.9885, Feb 1.0025, March 1.0120, April 1.0175, May 1.0225, June Nil, July 1.0075, Aug 1.0175. Turnover: 3,418.

Orange Juice — July 133.50-133.75 (134.60), Sept 136.70-136.80 (137.85), Nov 139.50, Jan 142.25-142.50, March 143.60-143.90, May 144.90-45.20, July 146.30-146.70, Sept 147.70-148.20, Nov 149.10-149.50. Sales: 1,000.

CHICAGO, June 24.

Chicago Imm Gold — July 454.0 (464.5), Sept 486.3-466.0 (476.6), Oct 471.4, Dec 482.5, Jan 488.4, March 499.0, April 505.7, June 517.3.

EUROPEAN MARKETS

ROTTERDAM, June 25.

Wheat—(U.S. $ per tonne): U.S. No. 2 Hard Winter, 13.5 per cent, July 198, Aug 202, Sept 204. U.S. No. 2 Red Winter June 145, July 148. U.S. No. 2 Northern Spring, 14 per cent, July 190, Aug 191, Sept 194.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow afloat June/July 152, Aug 154, Sept 156.50, Oct 158.50, Nov 159, Dec 162, Oct/Dec 160, Jan/March 169.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports July 284, Aug 285, Sept 289, Oct 294, Nov 295.50, Dec 301.50, Jan 307.50, Feb 313, March 317, April 321, May 323. Argentine June/July 277.50, Aug 281.50, Sept 285.50 sellers tradeless.

Soyameal—(U.S $ per tonne): 44 per cent protein U.S. afloat 235, July 232.50, traded afloat 235, June 234, July 232.50, Aug 239, Sept 244.50, July/Sept 238, Oct 251, Nov/March 264 sellers. Brazil Pellets afloat July 240, Aug 244, Sept 250.50, July/Sept 245.50, Oct 256.50, Nov/March 273.

PARIS, June 25.

Cocoa—(FFr per 100kg): July 880 bid, Sept 920-950, Dec 988-1004, March 1025-1045, May 1047-1059, July 1068-1082, Sept 1090-1105. Sales at call: nil.

Sugar—(FFr per tonne): Aug 2452/2454, Oct 2363/2368, Nov 2355/2375, Dec 2360/2370, Mar 2440/2450, May 2450/2490, July 2455/2500, Aug 2460/2520. Sales at call: 28.

INDICES

FINANCIAL TIMES

June 24	June 25	Month ago	Year ago
247.55	244.48	253.96	269.36

(Base: July 1, 1952=100).

MOODY'S

June 24	June 23	Month ago	Year ago
1085.3	1086.9	1087.6	1171.4

(December 31 1931=100)

DOW JONES

Dow Jones	June 24	June 23	Month ago	Year ago
Spot	373.48	373.60	398.28	433.61
Fut'r s	373.06	373.70	400.71	446.08

(Average 1924-25-26=100).

REUTERS

June 25	June 24	M'nth ago	Year ago
1739.9	1737.5	1715.1	1676 9

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Electricals play leading role again with keen interest being shown after-hours following defence statement

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 15	June 25	June 26	July 6
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Electricals again made most of the running in London equity markets, although the Oil sector claimed more attention than recently following U.S. reports, later discounted, that Saudi Arabia is to cut production of crude from next month. Business in equities otherwise continued at a low ebb with situation issues and companies reporting trading announcements attracting most interest.

Comment about **Racal's** success in getting the Decca business under control encouraged further investment support for the shares, but annual results from **Plessey** failed to please some optimists and the close was 5 down at 325p. Overall activity in Electricals was less than on Wednesday, the imminence of the Defence White Paper and the Defence Secretary's major statement yesterday in the Commons making for some caution.

Agency reports on the proposed defence cuts began to filter through well after the official close. Electrical dealers were then besieged with inquiries until late in the evening and values moved higher under the lead of **GEC**, **Ferranti** and **Racal**.

The Prime Minister's claim that economic recovery is in sight had no impact on equity sentiment, most investors being content to conserve their resources rather than embark on any new initiatives. Leading shares thus retraced their steps after opening marginally higher and the majority settled fractionally lower on balance. The FT Industrial Ordinary share index, up 1.0 at the first calculation of the day, closed a net 3.6 down at 544.8.

Sterling remained the dominant influence in Gilt-edged. Its continued fall against the dollar yesterday triggered light selling which brought losses among longer-dated stocks of ½. These were soon reduced but further weakness in the exchange rate later prompted fresh uncertainty and a new downturn which culminated with falls extending to ½. Shorter maturities were again less affected, ending no more than ⅛ down.

Business in Traded options improved sharply and contracts completed rose to 1,894, almost twice as much as on Wednesday. **Racal** remained to the fore, still reflecting the annual results and prospects, and attracted 420 calls and 146 puts. Good put activity was also evident in **Shell Transport** positions which recorded 133, while 93 puts were taken out in **Lonrho**.

Energy Sources (Northern Ireland) held at 24p; dealings are transacted under Rule 163 (3) and not in the unlisted securities market as stated here yesterday.

ANZ higher

ANZ, firm overnight in Sydney reflecting rumours of an impending scrip issue, closed 15 to the good at 320p; a statement from the company denying knowledge of any such move had little effect on sentiment. **Commercial Bank of Australia** firmed 7 to 400p in sympathy. Wednesday's bout of profit-taking in **Hambros** proved to be short-lived and the shares rallied to close 10 dearer at 905p. The major clearing Banks moved narrowly around the overnight positions before closing a penny or two easier for choice.

Insurances displayed a mixed appearance. Among Composites, **Eagle Star** rose to 298p before settling for a net gain of 5 at 291p. **GRE** added 4 to 326p, but **Phoenix** shed that much to 274p while **Royal** declined 7 at 383p.

Leading Breweries continued to mark time in quiet trading. Regionals were again featured by **Davenports** which attracted renewed bid speculation and closed another 6 to the good for a two-day gain of 12 at 134p. Among Wines and Spirits, **Distillers**, relatively firm of late, eased 3 to 224p, but **Irish**, which announced disappointing interim results on Wednesday, and **Amalgamated Distilled Products** added 2 apiece to 55p and 70p respectively.

News items were responsible for most of the features in Buildings. **Burnett and Hallamshire** moved up ⅜ to £11⅜ on good annual figures, while second-thoughts about the results caused **BPB** to rally 5 to 248p. Elsewhere, **Tarmac** rose 6 to 380p, but **D. Crouch** were lowered 7 to 183p. **Redland** stayed at 174p despite the lower profits.

Mothercare dull

ICI reflected the general trend in equities to close 6 off at 284p. Other Chemicals moved narrowly.

Leading Stores, neglected of late, returned to centre stage. **Mothercare** stood out with a fall of 14 to 216p following the chairman's comments on current trading at the annual meeting. **Gussies "A"** fell 13 to 432p on fears about increases in mail-order companies' bank charges; other mail-orders displayed modest falls. Secondary issues remained quiet, although renewed profit-taking clipped 10 from **Polly Peck**, 353p, and 4 from **Cornell Dresses**, 168p.

After-hours' news of the proposed defence expenditure cuts prompted a burst of renewed activity in the Electrical leaders. **GEC**, which were standing unaltered at the official close, moved ahead to 12 up at 715p and still rising while **Racal**, still benefiting from the profits forecast for the group's Decca interests, extended an earlier gain by a few pence or so to finish 20 up at 404p. **Plessey**, in contrast, closed 5 cheaper at 325p, after 320p, following preliminary results below best expectations. **Ferranti** advanced 25 in the late trade to 550p. Secondary issues recorded numerous gains, including **Electrocomponents**, up 30 to 800p in response to the results and proposed scrip issue. **Telephone Rentals** rose 8 to 363p and **Unitech** 14 to 246p, while **Ward and Goldstone**, 108p, and **Cray**, 110p, improved 7 and 9 respectively. Recovery hopes lifted **Petbow** 3 to 61p, but **Lec Refrigeration**, the subject of bid speculation recently, met selling and closed 18 lower at 190p.

Vickers provided the main feature in the Engineering leaders, falling 7 to 168p, with sentiment unsettled by the chairman's statement on current trading. **GKN** drifted off 3 to 152p and falls of 2 were recorded in **Hawker**, 326p, and **Tubes**, 164p. Elsewhere, **Renold** became a weak market late at 54p, down 10, on the passing of the final dividend and the sharp fall in profits. Comment on the preliminary results helped **Brickhouse Dudley** to improve 3 more to 50p, but **Duport** eased a penny further to 10½p on the annual loss and omission of the dividend. **Westland** traded nervously, easing to 119p before closing only a penny cheaper on balance at 122p.

Movements in Foods were usually restricted to a couple of pence either way. **J. Sainsbury**, a firm market of late, eased 2 to 417p, while **Kwik-Save Discount**, at 218p, gave up half of the previous day's gain of 6. **Linfood** also fell 3, to 136p, but **Hillards** were again wanted and put on 5 to 266p. **Avana**, preliminary figures expected next Wednesday, also added 5 for a two-day gain of 10 to 295p, while the small increase in mid-term earnings left **A. G. Barr** a couple of pence to the good at 234p.

Interim results from **Trusthouse Forte** disappointed and the shares, down to 142p in immediate response to the announcement, finally settled for a net fall of 10 at 146p.

Sharp fall in A.C.C.

Quiet conditions persisted in the market for miscellaneous industrial leaders, with quotations drifting lower on sporadic offerings and lack of support. **Beecham** eased 5 to 217p and **Glaxo** 4 to 362p, while losses of a few pence were marked against **Boots**, 223p, and **Bowater**, 262p.

Associated Communications Corporation A became a weak market on the passing of the final dividend and slump in annual profits, falling away to 46p before closing at 47p for a fall of 10. **United Guarantee**, 1 down at 10½p, and **Porvair**, 1½ lower at 6p, both reflected trading statements, but satisfactory annual results lifted **Humphries Holdings** 2 to 25p. **Hanson Trust** encountered support at 290p, up 4, along with **Crest Nicholson**, a similar amount dearer at 171p. Revived speculative demand left **Polymark** 11 to the good at 106p, after touching 108p. Buying interest was also shown in **Wm. Press** which put on 5 to 70p, but **Smiths Industries** came on offer at 360p, down 8.

Lucas, out of favour recently, came in for renewed investment support and rallied 7 to 202p. **Dunlop**, still buoyed by hopes of a bid from Far-Eastern sources, added a couple of pence more to 82p. Elsewhere in Motors, **Henlys** announced a first-half loss and fell 3 to 83p, but **Lookers** closed unchanged at 48p, after 51p, also following interim results.

A denial of earlier reports that Saudi Arabia is to reduce crude oil production, failed to dampen initial enthusiasm for Oil shares. **BP** improved 8 to 318p, while the new nil-paid gained 5 to 46p premium and the **HMG** shares 6 to 32p premium. **Shell** advanced 8 to 358p. In the more speculative exploration issues, **Clyde** were oustanding with a rise of 19 to 184p, while **Strata** moved up 14 more to 102p and **New Court Resources** put on 5 to 65p.

Among Overseas Traders, gains of 5 were noted in **Sime Darby**, 117p, and in **Boustead**, 163p, but **Inchcape** reacted to renewed fears of imminent fund-raising and shed 8 at 417p.

Investment Trust changes were insignificant apart from **Northern Securities**, up 7 at 272p, and **Mercantile House**, down 12 at 785p. **Hambros Investment Trust** closed a penny cheaper at 207p; the price in yesterday's issue was confused with that of **Hambros Trust** which fell 6 to 167p.

Among Shippings, small support continued for **British and Commonwealth** which ended 5 better at 305p.

Golds retreat

The weakness of the gold price, finally $16 lower at $445.50, caused gold shares to come under pressure in otherwise quiet mining markets, and the Gold Mines index fell 9.4 to 311.2, its lowest level since early March.

Hartebeest led the way down among the heavyweights with a fall of 1¼ to £27, followed by **Buffels**, ⅞ lower at £16¼. Falls of around ½ were common to **Vaal Reefs**, £29⅞, **Western Holdings**, £26½, and **Western Deep Levels**, £18¾.

Among the lower-priced issues, the more marginal mines were the ones to suffer. **Doornfontein** lost 54 to 971p and **Blyvoor**, 690p, **ERPM**, 626p, and **Venterspost**, 511p, all closed around 30 cheaper, while **Libanon**, 920p, and **Stilfontein**, 748p, were both more than 20 lower.

South African Financials followed the trend set by Golds, with **Anglo American Gold Investment** ⅞ lower at £42½, **Johannesburg Consolidated Investment** ½ cheaper at £33½ and **Gencor** down 25 to 880p.

In Diamonds, **Anamint** reacted 1⅞ to £44, while, in Platinums, **Impala** closed 10 down at 340p.

Consolidated Gold Fields featured in weaker London Financials with a fall of 12 to 440p. **Rio Tinto-Zinc** gave up 10 to 522p, **Tanks** 7 to 293p and **Charter Consolidated** 3 to 232p.

MIM Holdings featured Australians, falling 13 to 255p following news of the plan to raise the company's stake in Asarco of the U.S. to 16 per cent. **Pancontinental Mining** lost 15 to 370p after heavy selling in overnight domestic markets.

Signs of renewed interest in Tins saw **Killinghall** advance 25 to 625p, a high for the year.

FINANCIAL TIMES STOCK INDICES

	June 25	June 24	June 23	June 22	June 19	June 18	A year ago
Government Secs.	65.96	66.24	66.48	66.15	65.78	66.16	69.47
Fixed Interest	67.72	67.79	67.82	67.45	67.35	67.76	70.84
Industrial Ord.	544.8	548.4	544.5	544.5	541.4	541.1	466.7
Gold Mines	311.2	320.6	318.0	312.1	313.7	321.3	346.9
Ord. Div. Yield	5.87	5.85	5.90	5.89	5.94	5.96	7.65
Earnings, Yld. % (full)	11.70	11.66	11.75	11.75	11.85	11.85	18.42
P/E Ratio (net) (*)	10.67	10.70	10.61	10.61	10.52	10.53	6.61
Total bargains	19,536	18,238	18,285	18,800	17,082	16,484	21,899
Equity turnover £m.	—	123.70	104.22	89.75	118.51	135.50	164.34
Equity bargains	—	15,361	14,504	13,045	14,003	15,764	18,526

10 am 549.4. 11 am 548.7. Noon 547.5. 1 pm 546.7. 2 pm 546.3. 3 pm 546.1.

Latest Index 01-246 8026.

*Nil=9.88.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/3)	64.94 (5/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/3)	67.17 (6/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 24	June 23
—Daily		
Gilt Edged Bargains	132.9	141.4
Equities Bargains	99.6	92.7
Value	260.0	210.6
5-day Avrge.		
Gilt Edged Bargains	138.3	140.5
Equities Bargains	93.9	91.7
Value	231.1	224.2

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (73)

BRITISH FUNDS (1)
AMERICANS (9)
CANADIANS (4)
BANKS (3)
BEERS (1)
CHEMICALS (3)
DRAPERY AND STORES (2)
ELECTRICALS (8)
ENGINEERING (3)
FOODS (3)
INDUSTRIALS (11)
INSURANCE (1)
LEISURE (2)
NEWSPAPERS (2)
TEXTILES (3)
TRUSTS (10)
OIL AND GAS (1)
OVERSEAS TRADERS (4)
MINES (2)

NEW LOWS (14)

BEERS (1)
Guinness
CHEMICALS (1)
Dixor-Strand
STORES (3)
Empire Stores, GUS "A", GUS
ELECTRICALS (1)
Chloride
ENGINEERING (1)
Spencer Clark
FOODS (1)
Lovell (G F)
HOTELS (1)
Brent Walker
INDUSTRIALS (2)
ICL, Photo-Me
OIL AND GAS (1)
CCP North Sea
MINES (2)
Middle Wits., Pancontinental

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	78	16
Corpns. Dom. & Foreign Bonds	2	2	65
Industrials	187	252	928
Financial & Props.	78	95	321
Oils	32	10	48
Plantations	6	1	16
Mines	25	83	60
Others	71	39	75
Totals	402	560	1,529

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Assoc. Comms. A	47	−10	Plessey	325	−5
British Aerospace	226	—	Racal Electronic	404	+20
BP (HMG)	32pm	+6	Shell Transport	358	+8
Doornfontein	971	−54	Trusthouse Forte	146	−10
Hartebeest	£27	−1¼	Venterspost	511	−31
Mothercare	216	−14	Westland	122	−1

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Racal Elect.	20	384	+12	ICI	11	290	+6
Thorn EMI	14	398	+12	Midland Bnk.	11	325	−5
Hambros Bnk.	12	895	−45	Courtaulds	10	69	+1
Zygal Dynmcs.	12	93	+4	Plessey	10	330	+3
Barclays Bnk.	11	425	−5	Powell Duff.	10	273	−12
First Nat. Fin.	11	23½	−1	Shell Trans.	10	350	+6
GEC	11	703	—	BAT Inds.	9	385	+5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2

For rate indications see end of Share Information Service

Money was given for the call in **Burmah Oil**, **Jessel Trust**, **Target Petroleum**, **Tozer Kemsley and Millbourn**, **Imps**, **Charterhall**, **Woolworths**, **Burco Dean**, **Strata**, **Henry Ansbacher**, **Intervision**, **FNFC**, **Rothmans International** and **Shackleton**. **FNFC** were also dealt in for the put and the double.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., June 25, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. June 24 Index No.	Tues. June 23 Index No.	Mon. June 22 Index No.	Fri. June 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	350.99	+0.6	10.34	4.42	11.97	348.72	347.06	347.28	344.36	254.87
2	Building Materials (25)	305.39	+0.9	13.55	5.69	8.95	302.78	300.97	300.10	299.19	248.07
3	Contracting, Construction (28)	554.61	—	16.71	5.08	7.01	554.59	553.16	556.21	556.43	372.80
4	Electricals (25)	1124.07	+1.8	7.45	2.26	16.55	1104.53	1098.91	1103.81	1085.39	692.73
5	Engineering Contractors (11)	486.42	−0.1	12.25	5.55	9.83	486.94	486.52	484.45	484.16	306.06
6	Mechanical Engineering (70)	212.54	−0.6	12.75	5.71	9.87	213.85	213.06	212.74	211.87	169.56
8	Metals and Metal Forming (13)	157.93	−0.6	10.35	7.62	12.76	158.87	158.62	158.71	158.56	163.86
9	Motors (21)	102.64	+0.9	4.60	6.80	58.78	101.75	101.66	101.80	101.82	100.89
10	Other Industrial Materials (18)	384.01	−0.2	9.50	5.21	12.68	384.60	381.21	378.79	375.77	0.00
21	CONSUMER GROUP (195)	283.18	−0.9	12.61	5.65	9.67	285.78	283.72	283.45	282.18	221.80
22	Brewers and Distillers (20)	323.15	−0.6	14.26	5.96	8.34	325.03	323.90	322.19	320.58	287.76
25	Food Manufacturing (21)	258.70	−0.3	15.08	6.39	7.98	259.49	257.12	256.97	257.31	205.98
26	Food Retailing (14)	534.17	−0.4	9.29	3.32	12.81	536.28	532.08	526.86	520.43	329.79
27	Health and Household Products (7)	333.84	−1.6	8.30	4.38	14.36	339.43	334.27	335.19	330.29	217.22
29	Leisure (22)	434.60	−1.0	11.46	5.06	10.61	438.81	430.08	430.06	425.58	334.76
32	Newspapers, Publishing (12)	502.67	−0.3	12.38	5.96	11.04	504.00	502.81	503.69	506.11	439.43
33	Packaging and Paper (13)	146.71	−0.8	13.64	7.27	8.72	147.88	148.36	149.08	148.13	131.36
34	Stores (44)	261.46	−1.5	11.02	5.05	11.89	265.45	265.31	266.00	264.41	222.98
35	Textiles (23)	163.94	−0.3	8.28	5.59	16.56	164.46	162.86	163.80	162.06	129.81
36	Tobaccos (3)	264.57	−0.9	21.86	9.38	5.25	267.03	263.19	261.45	259.96	218.78
39	Other Consumer (16)	302.61	−0.5	6.06	6.28	29.06	304.07	304.20	302.65	302.66	0.00
41	OTHER GROUPS (79)	228.67	−0.5	13.35	6.62	9.08	229.76	228.51	229.24	228.23	216.98
42	Chemicals (15)	282.72	−1.5	11.52	7.34	10.85	286.94	282.91	284.57	282.46	315.94
44	Office Equipment (6)	116.10	−0.1	15.89	7.21	7.42	116.17	116.37	117.15	117.89	109.97
45	Shipping and Transport (13)	552.69	+0.4	15.47	6.87	7.63	550.48	549.69	548.73	555.15	543.91
46	Miscellaneous (45)	299.00	+0.2	13.96	5.59	8.62	298.36	298.63	298.96	296.07	261.41
49	INDUSTRIAL GROUP (488)	298.75	−0.3	11.85	5.31	10.33	299.57	297.75	297.30	296.03	239.66
51	Oils (12)	717.09	+1.9	23.43	7.99	4.73	703.97	699.28	710.65	707.28	825.39
59	500 SHARE INDEX	332.64	+0.1	13.82	5.77	8.60	332.36	330.51	331.25	329.34	285.85
61	FINANCIAL GROUP (118)	260.55	−0.1	—	5.61	—	260.84	260.33	258.65	256.00	217.86
62	Banks (6)	265.72	−0.2	34.51	6.82	3.38	266.37	269.33	264.52	260.31	233.89
63	Discount Houses (10)	280.98	+0.1	—	8.02	—	280.75	280.75	281.22	281.25	265.68
64	Hire Purchase (3)	257.47	−1.4	11.89	7.06	11.64	261.04	259.01	258.14	257.59	214.94
65	Insurance (Life) (10)	264.91	−0.4	—	5.71	—	265.98	264.81	264.43	261.58	204.97
66	Insurance (Composite) (9)	168.85	−0.2	—	7.54	—	169.27	167.36	168.13	165.87	142.04
67	Insurance Brokers (8)	386.89	−0.8	11.54	6.00	11.76	389.98	389.82	389.10	385.12	313.40
68	Merchant Banks (13)	174.23	+0.3	—	4.84	—	173.78	174.42	169.17	168.19	128.20
69	Property (49)	477.00	+0.4	3.70	2.90	37.52	475.13	471.68	470.35	467.15	406.13
70	Miscellaneous (10)	177.19	−0.5	17.96	5.85	6.77	178.06	178.37	176.74	177.31	135.64
71	Investment Trusts (109)●	312.63	−0.1	—	5.04	—	312.80	310.42	309.76	308.84	241.75
81	Mining Finance (3)	244.20	−2.1	14.35	5.60	8.18	249.42	250.77	251.71	247.42	226.21
91	Overseas Traders (20)	452.87	−0.1	11.31	6.58	11.01	453.25	453.70	453.23	452.00	387.98
99	ALL-SHARE INDEX (750)●	318.09	—	—	5.71	—	318.16	316.55	316.80	314.70	270.54

FIXED INTEREST

	PRICE INDICES	Thurs. June 25	Day's change %	Wed. June 24	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	108.36	+0.22	108.12	—	5.02
2	5-15 years	105.47	−0.35	105.84	—	6.38
3	Over 15 years	107.13	−0.44	107.60	—	7.78
4	Irredeemables	119.43	−0.32	119.77	0.97	7.43
5	All stocks	106.67	−0.19	106.88	0.81	6.33
6	Debentures & Loans	83.81	−0.19	83.97	—	5.28
7	Preference	63.55	−0.08	63.60	—	3.43

	AVERAGE GROSS REDEMPTION YIELDS		Thurs. June 25	Wed. June 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.30	12.24	11.85
2		15 years	12.88	12.80	11.85
3		25 years	13.06	12.98	11.85
4	Medium Coupons	5 years	13.97	14.06	13.29
5		15 years	14.72	14.68	13.35
6		25 years	14.36	14.25	13.34
7	High Coupons	5 years	14.24	14.18	13.34
8		15 years	14.93	14.86	13.68
9		25 years	14.55	14.47	13.73
10	Irredeemables†		12.40	12.36	11.19
11	Debs & Loans	5 years	15.30	15.27	13.98
12		15 years	15.30	15.27	13.98
13		25 years	15.30	15.27	13.98
14	Preference†		15.63	15.62	15.80

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

●Corrected indices for June 24.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£24⅝	.....	Q$1.40	—	2.7	—
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 92.1 92.0 ..... 14.66
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM33.42 35.30 −0.15 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. June 16 $4.90 5.15 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM17.13 18.07 −0.06 —
Int. Rentenfonds DM63.16 64.74 ..... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV June 23 US$33.02 35.13 −0.09 .....

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey. 0534 73637

[illegible]

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 146.8 156.6 ..... 3.25
H.S. Fixed Int. Fd. 91.0 96.0 ..... 12.70

[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.85 3.09 ..... 0.56
OCSm. Co. 121.9 129.6 ..... 2.55

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Trust Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Buckmaster Management Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers (a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. Ltd.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

For Sattern Fund Mngt. see SIMCO

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.

Sun Alliance Insurance Group

Swiss Life Pen. Tst. Man. Co. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

National Westminster

TSB Unit Trusts (y)

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

NPI Pensions Management Ltd.

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Prov. Growth Pensions & Annuities Ltd.

Providence Capitol Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capitrex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chawton Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99¾	99⅛	Exch. 9½pc 1981	99¾	......	9.52	11.81
98⅞	93¼	Exch. 3pc 1981	98⅞	+⅛	3.04	11.45
99⅞	99⅛	Treas. Variable '81§§	99¾	......	12.50	13.05
100⅞	99¾	Exch. 12¾pc 1981‡‡	100⅛	......	12.73	12.25
8.65	95⅝	Treas. 8½pc '80-82‡‡	98⅛xd	......	8.65	11.96
95	91⅞	Treasury 3pc '82‡‡	95	......	3.16	11.24
102⅝	100½	Treasury 14pc '82‡‡	101⅛	......	13.85	12.18
99½	98⅞	Treas. Variable '82§§	99½	......	12.53	13.01
96⅞	95⅝	Treasury 8¼pc '82	96⅛xd	−⅛	8.56	12.13
96⅞	93⅝	Exch. 9¼pc 1982	95¾	......	9.66	12.96
95⅛	92⅝	Exch. 8¾pc 1983	95xd	−⅛	9.21	12.43
89¼	84⅞	Exch. 3pc 1983	88⅝	......	3.39	10.65
99⅞	96⅞	Treasury 12pc 1983‡‡	97⅞	−⅛	12.28	13.48
99	96¾	Treas. Variable '83§§	99	......	12.59	13.04
94⅛	91¼	Treasury 9¼pc '83	93⅞xd	−⅛	9.86	12.78
101⅞	98¼	Exch. 13½pc '83	99⅞	−⅛	13.53	13.53
94⅞	91¼	Exch. 10pc 1983	93⅛	−⅛	10.73	13.32
87¼	84½	Funding 5½pc '82-84‡‡	86⅛xd	......	6.34	11.64
96¾	93	Exch. 11¼pc 1984	94⅝	−⅛	11.89	13.70
103⅞	98⅞	Exchequer 14pc 1984	100⅛	−⅛	13.94	13.78
80⅝	78½	Exch. 3pc 1984	80⅛	......	3.72	10.80
98⅞	94	Treasury 12pc 1984	95⅛	−⅛	12.56	13.67
107¼	101⅞	Treasury 15pc 1985	103⅛	−⅛	14.54	13.83
98⅞	93½	Exch. 12pc Cnv. '85	94½	−⅛	12.70	13.90
75¾	73¼	Treasury 3pc 1985	75½	......	3.97	10.86
96⅞	91½	Treasury 11½pc 1985●	93⅛	−⅛	12.31	13.66
98⅞	93	Exch. 12¼pc 1985	94½	−⅛	12.96	13.93
97⅛	91	Exch. 11¾pc '86	92½	−⅛	12.67	13.90
70⅞	68¾	Treasury 3pc 1986●	69⅛	......	4.34	11.41
99⅞	91¼	Treasury 12pc '86	99⅛	+5⅛	12.86	13.90

Five to Fifteen Years

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
88⅞	82¼	Treasury 8½pc '84-86‡‡	84xd	−¼	10.08	12.83
103⅞	96	Exch. 13¼pc 1987	96¼xd	−¼	13.63	14.00
81¾	75½	Funding 6½pc '85-87‡‡	77⅛	−¼	8.54	12.34
99½	90½	Treas. 12pc 1987	91⅞	−¼	13.32	14.40
81⅛	76⅛	Treasury 7¾pc '85-88‡‡	76⅛xd	−⅛	10.86	13.07
65½	59⅞	Transport 3pc '78-88	61xd	−⅛	4.91	11.16
92¾	86¼	Treasury 11½pc 1989	88½	−⅛	13.59	14.92
93	87	Do. A	89¼	−⅛	13.62	14.94
67¼	62⅞	Treasury 5pc '86-89	63½	−¼	8.00	12.33
101½	89⅝	Treasury 13pc 1990‡‡	91¼xd	−¼	14.34	14.69
95⅞	88	Exch. 12½pc 1990	90¼	−¼	14.19	14.98
80⅞	73	Treasury 8¼pc '87-90‡‡	74¾	−⅛	11.07	13.18
93⅞	81⅝	Treasury 11¾pc 1991	83⅞xd	−⅛	13.98	14.93
66¼	61½	Funding 5¾pc '87-91‡‡	62¾	−¼	9.36	12.75
90	79⅞	Exch. 11pc 1991	81¼	−¼	13.77	14.85
98⅞	88	Treasury 12¾pc '92‡‡	88½xd	−⅛	14.26	14.76
82⅞	77¼	Treasury 10pc 1992	79	......	13.23	14.57
94⅞	87¼	Exch. 12¼pc '92	89⅞	−¼	14.32	14.99
101⅞	93	Exchequer 13½pc '92	95	−¼	14.76	15.07
96¾	84¾	Treasury 12½pc '93‡‡	86¼xd	−¼	14.31	14.78
63¾	59⅞	Funding 6pc 1993‡‡	60¼	−⅛	10.25	12.78
105¼	92½	Treasury 13¾pc 1993‡‡	94½	−⅛	14.75	14.95
107¼	99⅝	Treasury 14½pc '94‡‡	101⅝	−⅛	14.95	15.02
104¼	91½	Exchequer 13½pc 1994	93½	−⅛	14.81	15.03
95⅞	88½	Exch. 12½pc 1994	90½	−⅛	14.49	14.90
79¾	70⅞	Treasury 9pc '94‡‡	71⅝	−¼	12.74	13.87
92⅞	82¼	Treasury 12pc '95	83xd	−¼	14.29	14.78
51¾	46⅞	Gas 3pc '90/95	46⅞	−⅛	6.46	10.39
85	73¼	Exch. 10¼pc 1995	74¼xd	−¼	13.68	14.47
100⅞	87¾	Treasury 12¾pc '95‡‡	89¾	−⅛	14.44	14.71
104⅞	92¼	Treas. 14pc '96	93¾xd	−¼	14.83	14.96
76⅝	70⅝	Treasury 9pc '92/96‡‡	71⅞	−¼	12.98	13.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64	58	Agric. Mt. 5pc '59-89	62	......	8.05	12.65
29½	26	Met. Wtr. 3pc 'B'	26¾	......	11.60	13.85
114	98½	U.S.M.C. 9pc 1982	105	......	8.57	—
97¾	91	Do. without Warnts.	92½	......	9.80	17.00

Financial

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101½	98	FFI 14pc '83	99½	......	14.07	14.23
92	88½	FFI(UK Fn)5½pcDb. '80-2	92	......	6.07	14.07
83½	79	Do. 6¼pcDb. '81-84	79½	......	7.95	14.40
93	85½	Do. 10½pc Uns.Ln. '86	86xd	......	12.20	14.80
92	81¼	Do. 11pc Uns.Ln. '88	83½xd	......	13.17	14.40
92	83½	Do. 11¾pc Uns.Ln. '90	84xd	......	13.98	15.10
94½	83½	Do. 12½pc Un. Ln. 1992	89½	+¼	14.51	15.20
64½	58	Do. 7¼pcADeb. '89-92	59	......	12.43	14.90
62	57½	Do. 7¼pcADeb. '91-94	58	......	12.96	15.00
72½	67½	Do. 9pc 'A' '91-94	68½	......	13.68	15.00
70	64½	Do. 8¾pcLn. '92-97	65¼	......	14.43	15.20

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
80	58	Antofagasta Rly.	80	......	—	—
55	55	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	13.10
28	15	Chinese 4½pc 1898	15	......	—	—
22	14	Do. 5pc 1912	14	......	—	—
18	9	Do. 5pc 1913	9	......	—	—
16	9	Do. 5pc '25 Boxer	9	......	—	—
94	80½	Denmark 13pc 2005.	82½	−¼	13	15.80
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

£125	£93½	Do.9¾%Cnv.Ln.'95-2000	£115½	−1½	Q9½%	—	F8.7
143	110	††SPO Minerals 10p	110¢	.....	—	—	—
47	30	Sabina Inds. C$1	31	−1	—	—	—
44	28	††SWCM 10p	34	−1	—	—	—
550	465	Tara Exptn. $1	530	+8	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xE ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	43	.....	Conv. 9% '80/82	£92¾	.....
Bertam	13	.....	Nat. 9¾% 84/89	£73¾	.....
Bdg'wtr. Est. 50p	470	.....	Fin. 13% 97/02	£79¾	+½
Craig & Rose £1	£12½	.....	Alliance Gas	77	.....
Finlay Pkg. 5p	22	+1	Arnott	235	.....
Graig Ship. £1	£20	.....	Carroll (P.J.)	89	.....
Higsons Brew	70	.....	Concrete Prods.	90	.....
Holt (Jos) 25p	480	.....	Helton (Hldgs.)	30	.....
I.O.M. Stm. £1	157	.....	Ins. Corp.	420	.....
Pearce (C. H.)	920	.....	Irish Ropes	59	.....
Peel Hldgs.	100	.....	Jacob	58	.....
Sheff. Refrshmt.	97	.....	T.M.G.	17	.....
Sindall (Wm.)	195	.....	Unidare	100	.....

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6		
Barclays Bank	36	Ladbroke	30	Property	
Beecham	18	Legal & Gen.	20	Brit. Land	8
Blue Circle	35	Lex Service	10	Cap. Counties	11
Boots	20	Lloyds Bank	28	Land Secs.	37
Bowaters	24	"Lots"	4½	MEPC	20
Brit. Aerospace	17	London Brick	7	Peachey	15
B.A.T.	25	Lucas Inds.	18	Samuel Props.	13
Brown (J.)	9	"Mams"	20	Town & City	2¾
Burton Ord.	14	Mrks. & Spncr	11		
Cadburys	7½	Midland Bank	26	Oils	
Courtaulds	7	N.E.I.	8	Brit. Petroleum	35
Debenhams	10	Nat. West. Bank	32	Burmah Oil	16
Distillers	17	P & O Dfd.	12	Charterhall	8
Dunlop	8½	Plessey	28	KCA	22
Eagle Star	25	Racal Elect.	34	Premier	7½
F.N.F.C.	3	R.H.M.	5	Shell	32
Gen. Accident	30	Rank Org. Ord.	18	Tricentrol	30
Gen. Electric	60	Reed Intnl.	25	Ultramar	44
Glaxo	28	Sears	5		
Grand Met.	18	Tesco	5½	Mines	
G.U.S. 'A'	44	Thorn EMI	30		
Guardian	30	Trust Houses	15	Charter Cons.	21
G.K.N.	15	Tube Invest.	18	Cons. Gold	45
Hawker Sidd.	25	Turner & Newall	18	Lonrho	9
		Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday June 26 1981

Fed and White House clash over reserve requirements for small investors

Curbs urged on high-yield U.S. funds

BY DAVID LASCELLES IN NEW YORK

SHARP DISAGREEMENTS emerged yesterday between the White House and the U.S. Federal Reserve Board over whether reserve requirements should be introduced on the *popular* money market funds. The funds offer small investors access to the lucrative interest rates previously confined to transactions between financial institutions.

The extraordinary growth of the funds, which are administered by investment houses *like Merrill Lynch, during* the past two years has drastically *reshaped the pattern of* U.S. savings, and put a severe squeeze on the banks.

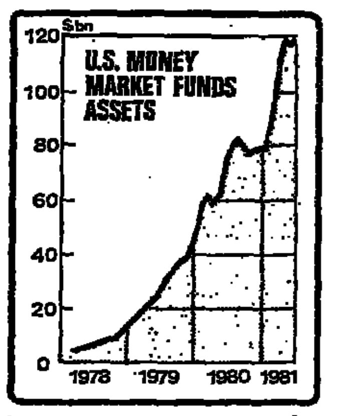
Mr. Paul Volcker, chairman of the Fed, told a House banking committee in Washington that he favoured legislation to subject many of the funds to the same reserve requirements as *bank deposits, on the grounds* that they are, to all intents and purposes, transaction balances—ie, accounts on which cheques can be drawn.

But Mr Donald Regan, the Treasury Secretary, said after Mr Volcker's testimony, that he opposed reserve requirements and would prefer banks to be freed from restrictions *instead.*

The controversy has arisen *because the funds* provide small savers with a liquid, high-yielding investment which has diverted billions of dollars away from the banks and savings institutions. This has put the banks in a severe squeeze and *choked* off the supply of funds available for such purposes as *mortgage lending.*

The banks and savings institutions are unable to compete with the funds because of Fed regulations limiting the amount of interest they may pay on small deposits. These limits vary, but generally are below the yield on money market *funds,* currently in the range of 17 per cent.

The fact that banks also have to put up part of the deposits they take in as interest-free reserves with the Fed adds to the cost of holding them.



Mr Volcker said yesterday that he wants to impose reserve requirements on those funds which allow investors to write cheques on their *accounts*—making them more or less bank *accounts. This, he says,* would distinguish between funds that are essentially transaction balances and those that are *genuine investment vehicles.* The majority of funds offer cheque book *facilities to their* customers.

He *said* the distinction also would help the Fed to identify components of the funds for the purposes of calculating the money supply. The huge growth of the funds has blurred some of the most important money supply definitions.

However, Mr Reagan, who was formerly chairman of Merrill Lynch—the Wall Street *firm which runs the biggest* money market fund in the country—said he did *not* think curbing the funds would help the ailing savings industry.

"I would rather see the thrift and commercial banks freed from some of the Federal regulations that have hampered *their competitiveness,"* he said.

Congress is considering the *whole question of U.S. bank law* reform.

Inquiry promised on Civil Service pay

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT will *announce on Monday an* independent inquiry into Civil *Service pay in an effort to* break the deadlock in the 16-*week-old* dispute.

This emerged yesterday in a letter from the Prime Minister accepting the surprise resignations of Lord Shepherd and the five independent members of the Service's Pay Research Unit Board.

The board was set up to oversee the *work* of the Pay Research Unit, which provided *information* on comparable outside pay for Civil Service pay *deals. The entire unit is in the* process of being disbanded.

Lord Soames, the Lord President of the Council, will announce the chairman of the planned inquiry, who it is *thought may be a judge. He* will give details also of the *terms of reference which are* expected to be broad and will *give the chairman virtually a* free hand to examine all aspects of future pay determination in the Service.

The previous suggestion of a fully-fledged Royal Commission seems to have lost out in favour of a rather less formal inquiry, possibly in the hope of obtaining a swifter conclusion.

Whitehall officials hope the Civil Service unions will join the chairman in taking part in *the final selection of the* members of the inquiry team.

Mrs Thatcher's letter to Lord Shepherd made it clear that the principle of comparability, discredited in the eyes of some *Ministers, would be taken into* account by the inquiry. However, *factors such as job* security, index-linked pensions and the application of market forces are likely to feature much more strongly.

Yesterday's resignations, coupled with the final report of the board published today, point up the wide differences of opinion on the future course of pay in the Service between the board and many Conservative ministers.

The board's report concludes that whatever new system the *inquiry establishes, "sooner or later"* a body like the pay *research unit will have to be* re-established.

Lord Shepherd, in his resignation letter, suggests that the opportunity to establish a credible pay system for the Civil *Service was lost in August when* pay proposals from the Govern*ment drew little favour from* the unions.

Last night union leaders were angry at the suggestion that their response effectively led to the present dispute.

The unions were satisfied with some of the report's conclusions, supporting the idea of comparability and independent fact-finding, but were critical of suggestions in the report of defects in the pay system.

The Civil Service Department said the report would be con*sidered by the forthcoming* inquiry.

Details, Page 10

Continued from Page 1

Steel

cial aids, must be withdrawn by December 31, 1985. The only exceptions may be schemes allowing abatements on interest payments on long term loans.

M Davignon said: "This is as necesasry as a blood transfusion is necesasry for a patient after an accident."

The other elements of the package include a decision to extend the mandatory production quotas coming into force next week to include reinforcing bars and merchant bars.

This follows *the failure of the* steel companies to reach a *credible voluntary agreement* and means that, including coil *derivatives, around* 70 per cent of the industry's finished products will remain covered by legally enforceable quotas first introduced last October.

Ministers agreed to wait for three months to see whether a shaky voluntary arrangement covering wire rods will be adequate. If not, the commission will move to impose compulsory quotas.

The quotas are meant to *underpin a voluntary industry* agreement to raise list prices by *15-20 per cent from next week.*

Compliance with the agreement will be policed by the commissiond. A new element will be the inclusion of steel traders in the monitoring arrangements.

French insistence secured agreement on financing special *social aids for steelworkers* affected by early retirement or *short-time working.* The Ten will make direct contributions to fund payments of £60m this year, and have promised more for the period 1982-1984.

Mr Tebbit said that *it* would not have been possible to solve *the problems of the British* steel industry unilaterally. A solu*tion at* European level was essential.

The agreement meant that his Government's own policy of reducing subsidies to BSC should not be undermined by other EEC partners maintaining *subsidies and consequently* forcing down prices.

Approach to Polish debt agreed

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

LEADING international banks agreed unanimously in Paris yesterday on the approach to be adopted in restructuring Poland's foreign debt.

Although no details were released, the banks appeared eager to reassure their Polish borrowers.

Their proposals, they said, were *"designed to harmonise* the interests of a wide-ranging *group of banks and commercial* creditors, and to provide a firm basis on which Poland should be able to structure its future relationships with the Western financial community."

In a statement issued after two days of talks, the banks said they were submitting to other banks with claims on Poland, an outline of the *approach adopted.*

The outline proposals will be *considered by national commit*tees of banks in Poland's leading creditor countries. Subject to their approval, the main task force of the banks which drew them up hopes to finalise them at a further meeting next month.

The statement made only oblique reference to the dis*agreements between U.S.* and European banks which have sur*faced over the past week as to* how the Polish debt problem should be tackled.

Details of the proposals were being kept secret last night ahead of their transmission to other banks involved. Participants at the meeting declined to elaborate on the nature of the compromise between the U.S. and European position.

The U.S. banks had proposed a six-month *freeze* on all loan *agreements* with Poland to allow time for more detailed consid*eration of the country's econo*mic position. But it was understood that European banks went to the meeting prepared to accept a quick rescheduling, over a period of 7½ years, of debt falling due between March 26 and December 31.

Terms for such a rescheduling on the basis of a 1¾ per cent margin over *London* Interbank rates had already been *drawn up* at the task force's previous meeting in Frankfurt last *month.* Last night's statement implies that *they have not been adopted.*

In this sense, the European banks have clearly acceded to U.S. demands for more time to consider the matter.

Moreover, yesterday's statement said only that next month's task force meeting planned "to finalise the restructuring proposals." It did not indicate when agreement on the debt issue *could become fully effective.*

Hardliners' warning, Page 2

Harrier decision

Continued from Page 1

not comment on future employment.

British Shipbuilders, still *heavily in the red, has* been hampered in working out future strategy by the uncertainty over defence cuts. Its warship orders are worth four times more than its merchant orders, which are now at their lowest level since nationalisation in 1977.

Last night, it said the £177m order for the next Trafalgar-*class nuclear submarine at* Vickers in Barrow, the £125m *order for the seventh Type* 22 anti-submarine frigate at Yarrow on the Clyde, and those for five Hong Kong patrol boats at Hall Russell in Aberdeen would maintain employment at those yards.

The group also welcomed the government's expressed wish to *press ahead with the new* diesel-powered submarines and Type 23 frigates—cheaper and simpler than the Type 22s—"both of which we believe have good prospects for overseas sales."

But there will be no more orders for air defence destroyers after the seven being built.

In its corporate plan, sent to the Government last month with the shadow of defence cuts *hanging* over the group, British Shipbuilders referred to the "*appalling problem*" *these* had caused in its preparation.

The unpublished plan, which said there could be no doubt of "*very difficult conditions*" on the warship side in coming years, said the main force of the expected cutback in defence orders would be felt in the composite yards, which also do merchant work.

These are Swan Hunter on the Tyne, where the £220m Ark *Royal aircraft* carrier was built, Cammell Laird on Merseyside, *and Scott Lithgow on Clydeside.* The plan points out that Cammell Laird has been moving into offshore work—it recently won a £61m oil rig order from *Canada—with* Swan Hunter taking the lead yard role in *high technology merchant ship*building.

Mr. John Nott, the Defence Secretary, said a smaller but modern UK fleet would give better value than the present one, a conclusion which came as no surprise to British Shipbuilders.

He *also* referred to the export side of warship building, where *British Shipbuilders, the* world's third largest warship producer after the U.S. and the Soviet Union, is virtually unrepresented. West Germany, the Netherlands, and Italy are all strong in warship exports.

The corporate plan says "the objective of profitability by *1984-85* is a tangible *goal.*" But it also says that a significant *amount of shipbuilding capacity* remained at risk.

Japanese in big liquefied natural gas deal

BY COLIN CHAPMAN IN SYDNEY

JAPAN has made an agreement to acquire 6m tonnes of liquefied natural gas a year for 10 years from a group of companies in Australia.

The agreement involves eight Japanese concerns and four oil and gas companies in Australia. It heralds the go-ahead for full development of Australia's biggest energy resources project, the A$8bn LNG venture on the North-west Continental Shelf.

The deal is estimated to be worth A$1.7bn a year at present prices and will increase Japan's LNG intake by a *third, making* Australia Japan's most im*portant gas-supplier after Indo*nesia.

Mr Doug Anthony, Australian Deputy Prime Minister, *described* it as an *economic* milestone which would involve creation *of 5,000 jobs.*

The announcement on agree*ment of a letter of intent, made* in Melbourne by Broken Hill *Proprietary yesterday, is the* latest development in three *years' discussions on* LNG developments in the North-West Shelf.

Broken Hill said the deal was *subject "only to formal* execution for supply of LNG to eight *Japanese power and gas* utilities."

The *eight* Japanese buyers are Tokyo Electric; Kansai Electric; Chubu Electric; Chugoku Electric; Kyshu Electric, each of which will receive about 900,000 tonnes a year; Tokyo Gas; Osaka *Gas (600,000 tonnes a year);* and Toho Gas (200,000 tonnes a year).

The four Australian companies *responsible for the sale* are Hematite Petroleum; Sheel *Development (Australia);* British Petroleum International; *and Chevron Oil Trading.*

The major components of the *projects will be an offshore pro*duction platform to be established *on* the North Rankin gasfield, 78 miles off Dampier, Western Australia, in time to bring production by 1984; a second platform three miles from the first to be in production by 1986, with a third established in the nearby Goodwin gas field in the early 1990s.

Also to be established are a pipeline to carry gas from the *platform* to the *coast; a gas* treatment complex and a stor*age shipping centre and town*

The main financing for the *project involves eight leading* bankers in a syndicated line of *$1.3bn.*

Those involved are Bank of Montreal; Banque Nationale de Paris; Banque de la Société Financière Européene; Barclays International; Chase Manhattan; Citicorp; the Industrial Bank of Japan and Morgan Guarantee trust.

The loan was made on a pure product finance basis, that is revenue from the gas sales to finance repayments.

Seagram steps up bid for Conoco

By Paul Betts in New York

SEAGRAM of Canada, the world's largest drinks group, increased its bid for control of Conoco by offering $2.55bn (£1.3bn) for 41 per cent of the U.S. oil company's outstanding ordinary shares.

The bid came as Wall Street believed Conoco was still negotiating a rival merger with Cities Service, another large U.S. integrated oil company, in an attempt to thwart Seagram's unwelcome advances. Last night both Conoco and Cities Service had no comment.

Seagram offered *last* week *to* buy directly from Conoco 28.6m Conoco shares at $70 a share in a deal worth $2bn, but Conoco, ninth largest U.S. oil company, rejected the offer and disclosed that it was negotiating a rival merger.

Seagram, which earlier this year failed in a $2bn bid to take over St Joe Minerals, announced a *new cash bid yesterday for* 35m Conoc shares at $73 each. Conoco shares were suspended on Wednesday at $62.

Seagram is offering to purchase up to 15m authorised but unissued shares, or Treasury shares, directly from the oil company, if Seagram and Conoco can agree on terms.

If Seagram buys and holds on to these 15m shares as well as receiving tenders for 35m from other shareholders, the overall deal could be worth $3.65bn *making it as large as* Shell Oil's $3.65bn acquisition of Belridge Oil Company two years ago, the largest corporate takeover.

Seagram said that if less than 28m Conoco shares were tendered before the expiration date of July 24, it reserved the right to return all these shares, extend its offer or waive the minimum condition.

Hong Kong Telephone

THE Hong Kong Telephone Company will receive 40 per cent of the colony's international telephone revenues under new arrangements concluded by Cable and Wireless, and not 22 per cent as stated in yesterday's editions of the Financial Times.

Continued from Page 1

Defence

The decision to buy the £5bn-£6bn Trident replacement for Britain's Polaris nuclear deterrent was confirmed. Mr Nott said that "*no enhancement of* our conventional forces could *possibly prove of equal deterrent* value."

Britain is also to "play an enhanced role alongside our allies outside the countries of the Nato area." It will make "particular use of the new sea carriers, with Sea Harriers and helicopters, in out-of-area deployment."

Weather

UK TODAY

COOL. Showers and sunny intervals.

London, S.E., Central and E. England, E. Scotland
Light showers, sunny intervals. Max 18C (64F).

N.W. England, I.o.M., W. Scotland
Mostly dry, sunny intervals. Max 12C (54F).

S.W. England, S. Wales, N. Ireland
Cloudy, occasional showers. Max 17C (63F).

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	22	72	Luxmbg.	F	20	68
Algiers	C	21	70	Luxor	S	29	84
Amsdm.	C	16	61	Madrid	F	26	79
Athens	S	29	84	Majorca	F	24	75
Bahrain	S	34	93	Malaga	S	24	75
Barclna.	C	20	68	Malte	C	26	7[illegible]
Beirut	S	27	81	Malta	C	26	79
Belfast	C	13	55	M'chstr	C	13	55
Belgrd.	F	24	75	Melbne.	F	10	50
Berlin	C	16	61	Mx. C.†	—	—	—
Biarritz	C	17	63	Miami†	F	26	79
Bmghm.	C	13	55	Milan	S	22	72
Blackpl.	C	14	57	Montrl.†	C	18	64
Bordx.	C	18	64	Moscow	S	29	84
Boulgn.	R	12	54	Munich	F	19	66
Bristol	F	15	59	Nairobi	F	24	75
Brussels	C	17	63	Naples	C	22	72
Budpst.	F	22	72	Nassau	—	—	—
Cairo	S	34	93	Nwcstl.	C	12	54
Cardiff	F	17	63	N York†	C	23	73
Cas'bca	C	23	73	Nice	F	21	70
Cape T.	R	12	54	Nicosia	S	28	82
Chicg.†	S	19	66	Oporto	S	25	77
Cologne	S	23	73	Oslo	S	24	75
Corfu	S	23	84	Paris	R	16	61
Denvr†	Cl	14	57	Perth	F	17	63
Dublin	R	14	57	Prague	C	16	61
Dbrvnk	S	24	75	Rykjvk.	—	—	—
Ednbgh	C	13	55	Rhodes	S	31	88
Faro	F	23	73	Rio J'o†	—	—	—
Florence	F	24	75	Rome	F	24	75
Frankfr.	F	23	73	Salzbrg.	F	20	68
Funchal	—	—	—	S'ciscо†	C	12	54
Geneva	C	20	68	S. Mritz	—	—	—
Gibraltr.	S	23	73	Singapr.	F	26	79
Gl'sg'w	C	15	59	S'tiago†	—	—	—
G'msey	C	13	55	Stckhm.	R	15	59
Helsinki	R	23	73	Strasbg.	F	24	75
H Kong	C	29	84	Sydney	S	16	61
Innsbrk	C	18	64	Tangier	S	24	75
Invrnss.	C	11	52	Tel Aviv	S	26	79
I.o.Man	R	11	52	Tenerife	C	20	68
Istanbul	S	28	82	Tokyo	R	23	73
Jersey	C	13	55	T'r'nto†	C	19	66
Jo'burg	S	17	63	Tunis	C	25	77
L. Plms	S	24	75	Val'ncia	R	18	64
Lisbon	S	25	77	Venice	F	22	72
Locarno	R	16	61	Vienna	C	21	70
London	C	14	57	Warsaw	C	19	66
L Ang.†	Cl	20	68	Zurich	S	21	70

C—Cloudy. Cl—Clear. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

ACC's debt to Miss Piggy

Index fell 3.6 to 544.8

Associated Communications Corporation has been saved by the Muppets. Losses in film production and distribution during the year to March are no less than £26.4m, of which roughly £20m is made up of provisions against dud movies—*notably "Raise the Titanic."* In addition, the records and tapes business has lost £4.7m.

The impact of all this could *have* been disastrous for a group which started the year with net worth of £77.6m and which by last November had net borrowings of about £90m. Fortunately, ACC had five years of Muppet programmes in the can, which it was able to sell for syndication across North America. The revenue *from this* deal is spread over a four-year *period, and ACC has effectively* discounted the contract with its bankers. As a result, it has pulled nearly £23m of exceptional profits into last year's figures, and made a big hole in its debt mountain.

The upshot is a reported profit of £2.6m pre-tax against a restated £11.6m last time. Year-end borrowings have been cut back to £40.7m, helped by the sale of the Ansafone business. And although various extraordinary items have reduced net worth by over £7m, a property revaluation (not yet consolidated) has thrown up a surplus of £23m.

However, ACC has passed its final dividend, and it is not out *of the* wood yet. Losses on the record side should disappear *now that* the factory has been closed. But the outlook for film production remains uncertain. ACC still has a substantial investment in films which have not yet been released, and success or failure here will make a big difference to the balance-sheet.

In addition, ACC hopes to place 49 per cent of the shares in its TV contracting business this autumn. That could raise roughly £10m, but finance for the new production facilities required by the broadcasting authorities has yet to be arranged.

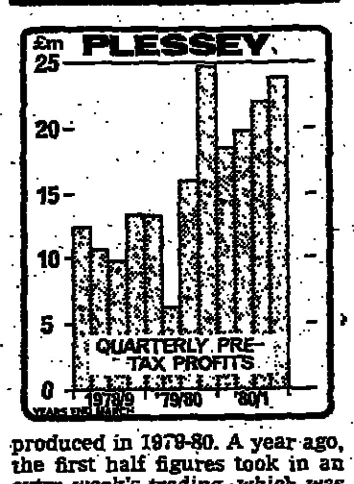
If all goes well, the shares could have touched bottom at 47p, down 10p, where the non-voters are valued at about £26m. But the risks are still considerable.

Trusthouse Forte

Half year figures from Trusthouse Forte are down from £19.3m to £14m pre-tax—but the outcome for the full year may be broadly in line with the £66m produced in 1979-80. A year ago, the first half figures took in an extra week's trading, which was worth £2.1m before finance *costs. And in the latest period,* THF has recovered from a very poor first quarter, when occupancy rates in the London hotels were down by about 4½ points.

The current position is that the volume of business compares reasonably well with a year ago. The group has had to hold down its charges—total revenue was *little changed in the first half*—but operating costs have been *kept in check too.* What has really squeezed the first half figures is a £4.1m rise in finance charges.

Overall borrowings could rise by something like £70m this year, as a result of the purchase of Savoy shares and further heavy investment in fixed assets. However, the group started the year with net liquid funds of £31m, and it thinks that trading prospects look a lot brighter for *1981-82. The shares* fell 10p to 146p yesterday, and *the yield on an unchanged divi*dend is 5.9 per cent.



Plessey

The defence spending cuts might just have spoilt Plessey's day, after it had announced excellent figures in the morning, but in the event the spending review does not seem to pose an enormous threat to the 18 per cent of Plessey's sales *which go to the UK Ministry* of Defence. At any rate, shares *in the electronics* sector were surging ahead with relief last night, though that still left Plessey 5p lower at 325p on the day.

The fall reflects excessive market expectations rather than any performance shortfall by Plessey, for pre-tax profits of £84.5m, against *£60.1m, show* that the group is still on a consistent upward *trend.* True, the final quarter is fractionally *down on the same period a year* ago, but that was artifically boosted by delayed deliveries following the autumn 1979 engineers' dispute. There are minor surprises within the figures, notably that the electronic systems *division* performed remarkably well late in the year, *partly* because of a particularly strong performance *in tactical* military radios, while on the other hand the components division was tipped into a fourth quarter loss by the recession. But the performance in telecommunications and elsewhere is in line with recent experience, and *Plessey's order* book is some 21 per cent higher over the year at £1.27bn.

The key achievement of 1980-1981, perhaps, is that Plessey has markedly improved its financial performance. Not only have profit margins been improved but the group has begun to generate substantial amounts of cash, which must partly reflect working capital management. By the year-end, *liquid balances of £62.3m* exceeded debt aggregating £54m, *so Plessey is in a position to* step up last year's £44m capital *spending total,* of which £16m was financed through leasing. The hope must be that pre-tax profits will head towards the £100m mark this year, and the shares may not have run out of steam despite a p/e of over 14 on the actual tax charge.

Redland

Apart from a 10 per cent dividend increase, Redland had little but bad news to offer yesterday. Volume has fallen in all major markets and shows no sign of improving this year.

The most that can be hoped for is an improvement in concrete pipe, currently losing £150,00 per month, and an upturn in the Monier associate, where heavy losses on a U.S. contract masked much better Australian profits last year. But, even with the pound moving its way, Redland is unlikely to improve on last year's pre-tax figure of £46.8m.

Working capital remains under *impressive control, however, and* after last year's sale of Redland Purle the *company* is pondering on spending at least £50m on a UK acquisition—not least to alleviate its ACT problem. The shares, unchanged yesterday at 174p, trade on 10.6 times last year's earnings, so the market is clearly taking a longish view.

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